

# Shropshire Council

## Annual Governance Statement

### 2017/18

Good Governance in the Public Sector comprises the arrangements (political, economic, social, environmental, administrative, legal, etc.) in place to ensure that the intended outcomes for all interested parties are defined and achieved. In delivering good governance, both the Council, and individuals working for and with the Council, aim to achieve the Council's objectives while acting in the public interest.

The Council's Code of Corporate Governance, located in the Constitution<sup>1</sup>, summarises the Council's good governance principles and details the actions and behaviours required to demonstrate good governance. The seven core principles are:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;
- B. Ensuring openness and comprehensive stakeholder engagement;
- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits;
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes;
- E. Developing the Council's capacity, including the capability of its leadership and the individuals within it;
- F. Managing risks and performance through robust internal control and strong public financial management; and
- G. Implementing good practices in transparency, reporting and audit, to deliver effective accountability.

Senior managers have provided assurances as to the application of these principles throughout the 2017/18 financial year. In so doing, this demonstrates that the Council is doing the right things in the right way for the right people, in a timely, inclusive, open and accountable manner. These arrangements take into consideration all the systems, processes, the culture and values which direct and control the way the Council works and through which it is accountable to, engages with, and leads its communities. **Annex A demonstrates the overall Assurance Framework.**

This statement explains how the Council has complied with the Code and meets the requirements of the Accounts and Audit Regulations 2015. This is supported by a 2017/18 Code of Governance audit which provides a good level of assurance.

<b>Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</b>
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Members and officers recognise the importance of compliance with the Constitution, specifically Financial and Contract Rules; Procurement Regulations, Scheme of Delegation and Codes of Conduct. All of which are reviewed and updated regularly.
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Officers also comply with their professional organisations' codes of conduct in delivering services (E.g. HCPC <sup>2</sup> , PSIAS <sup>3</sup> , Faculty of Public Health), against which assessments are conducted to confirm compliance and identify any improvements required. Adult Social Care
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<sup>1</sup> <http://staff.shropshire.gov.uk/committee-services/ecSDDisplay.aspx?NAME=SD405&ID=405&RPID=40777&sch=doc&cat=13331&path=13331>

<sup>2</sup> Registered body for qualified social workers

<sup>3</sup> Public Sector Internal Audit Standards

## **Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

(ASC) receive regular focused audits which monitor their compliance with the law e.g. Mental Capacity Act, Deprivation of Liberty; Safeguards, Care Act and the Mental Health Act.

Officers lead by example, both directly with their teams and in undertaking their duties across the Council. Areas of concern are identified, reported through appropriate channels and managed effectively under established policies and processes.

Integrity, open involvement and honest communication surround changes as demonstrated in both Planning and Digital Transformation Services. Both Adult and Children's Social Care have a dedicated Principal Social Worker whose role is to raise the quality of ethical social work practice and ensure values and integrity of social work are improved. The Deprivation of Liberty Safeguards Team works daily to ensure the least restrictive care possible is being received by someone lacking capacity living in a care home or hospital. Civil Enforcement Officers use video badges when undertaking parking enforcement, which ensures a high level of integrity is maintained by them whilst protecting the public, the service and the Council.

Human Resource and recruitment policies and processes ensure that the Council is fully compliant with employment law and that no discrimination exists, these are refreshed regularly. This year guidance updates developed and communicated included: IR35 legislation<sup>4</sup>, General Data Protection Regulations (GDPR) and the Modern Slavery Act. Staff are well supported, receiving training and development opportunities.

Senior officers meet regularly and work closely with Members to ensure that they understand and can undertake their respective roles effectively and legally. Work is ongoing to strengthen the investment in the joint Directors/ Cabinet meetings to help deliver better outcomes and model desired culture, engaging Members earlier in developing financial and other strategies.

Members and officers are advised on and promote accurate reporting, and recognise the importance of data quality, rules and standards. Feedback from service users is received as part of this process and acted upon. Decisions are documented transparently.

Statutory responsibilities across the Council are discharged openly and proactively, examples include having key statutory officers in place (Monitoring<sup>5</sup>, Section 151<sup>6</sup> Officer and the Head of Paid Service, Director of Children's Services, Director of Adult Services, Senior Information Risk Owner (SIRO)). Examples of statutory responsibilities delivered include, LGPS<sup>7</sup> Regulations, CIPFA<sup>8</sup> Code of Practice, Freedom of Information (FOI), Elections, Coroner and Registrars' Services. Statutory responsibilities for Special Educational Needs, Education Access, Early Years and place planning, sufficiency and admissions are discharged openly, proactively and in full compliance with Admission Codes. Responses to parents' and carers' concerns are consistent timely, clear, informative and compliant with legal requirements. The moderation of school assessments of pupils' performance at the end of key stages one and two is a statutory responsibility of the local authority. Arrangements and procedures for moderation are undertaken thoroughly and in a timely manner. The national assessment framework is applied fairly and rigorously.

<sup>4</sup>tax legislation that is designed to combat tax avoidance by workers supplying their services to clients via an intermediary, such as a limited company, but who would be an employee if the intermediary was not used. Such workers are called 'disguised employees' by Her Majesty's Revenue and Customs (HMRC).

<sup>5</sup> The Monitoring Officer has three main roles: 1. To report on matters he/she believes are, or are likely to be, illegal or amount to maladministration; 2. To be responsible for matters relating to the conduct of Councillors and officers; and 3. To be responsible for the operation of our Constitution.

<sup>6</sup> Every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs, this is the Section 151 Officer

<sup>7</sup> Local Government Pension Scheme

<sup>8</sup> Chartered Institute of Public Finance Managers

**Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

Internal Audit produces a risk based plan each year, working closely with directors and heads of service to ensure that appropriate standards are maintained or areas of concern highlighted and acted upon.

The Council has a zero tolerance to fraud and corruption. Identified concerns are acted upon in a timely manner, which can lead to specific outcomes, learning points and improvements. There is a high level of success in criminal legal proceedings, licensing and parking appeals, which provides external judiciary/tribunal assurance that the decision making within the Council is robust.

The Council undertakes a self-assessment of its fraud risks, to identify and understand them. It acknowledges issues and puts in place plans which demonstrate that action is being taken and outcomes are visible. This process is transparent and reports are taken to senior management and to those charged with governance. Guidance on 'Speaking up about Wrongdoing' which incorporates whistle blowing is available to staff, Members, the public and contractors. Any irregularities identified will be investigated by Internal Audit or the appropriate officers within services. Audit Committee are responsible for the monitoring and overview of the "Speaking up about Wrongdoing Policy" and receive an annual report.

An Equality and Social Inclusion Impact Assessment (ESIA) and a thorough analysis of consultation methods and responses is undertaken when changing operating models, policies or contracting with other parties. One was undertaken as part of both the Economic Growth Strategy and the Local Plan Review. The draft Economic Growth Strategy was consulted upon during the first quarter of 2017/18. This insight report formed part of the documentation reported to Cabinet in May 2018 when the final strategy was agreed.

**Ensuring openness and comprehensive stakeholder engagement**

Openness and transparency, as one would expect with a large public body, is demonstrated throughout. All service areas feed into transparent reporting processes, both internally through officer and director groups, and publicly through Council committee meetings. This is further supported by compliance to the Transparency and Freedom of Information agenda, managed in large parts by services and, although sometimes delayed, the Council is compliant with the legislation and steps to improve quality and timeliness are demonstrating improvement. Key decisions are reported, and trialled where necessary, through the senior team and then to Members via Party Leads, Groups, Cabinet and Director meetings. Examples include: Cabinet and Council reports, policy approvals, and minutes of meetings (FGAT<sup>9</sup>, Information Governance, Commissioning and Assurance Board, Digital Transformation Programme Board).

The Council engages positively and always sets out to work in a collaborative open partnership approach with several strategic partners including Central Government departments (Cities and Local Growth Unit, Homes and Communities Agency, Broadband Delivery UK), the Marches Local Enterprise Partnership (LEP) and neighbouring local authorities. It is a non-constituent member of the West Midlands Combined Authority; has a proactive Business Board which it services and engages with on key initiatives and policies, this has led to development of the Economic Growth Strategy and helped to launch and promote the Shropshire Growth Hub (part of the wider Marches Growth Hub). The

<sup>9</sup> Finance Governance and Assurance Team

## Ensuring openness and comprehensive stakeholder engagement

management of One Public Estate is underway with other public-sector partners. A multi-agency high cost placement-funding panel with Children's Services, Education Services and the Clinical Commissioning Group (CCG) has been established to manage high cost placements efficiently.

Many of our services are delivered in partnership with other organisations such as the Fire Service, STaR<sup>10</sup> Housing, West Mercia Energy, Shropshire County Pension Fund, town and parish councils and voluntary bodies and trusts. The Council coordinates the multi-agency Emergency Planning Group (With Telford and Wrekin Council).

Examples of our work with local partnerships in commissioning, procurement and contract activity include the Mental Capacity Act Lead working with the Shropshire Clinical Commissioning Group; and working with Local Joint Committees on consultations on service changes, e.g. youth locality commissioning changes and development of a new Cultural Strategy for Shropshire.

Annually the public is consulted on the budget for the forthcoming year. Other one off examples include; the car parking strategy; transfer of local services to Town and Parish councils and other community organisations; and development of the Shrewsbury Big Town Plan, a piece of work that has extensively engaged with organisations, businesses, and residents of Shrewsbury and Shropshire. This has been done in partnership with Shrewsbury Business Improvement District (BID) and Shrewsbury Town Council.

Regular interface meetings take place between Children's Services and key partner agencies including the police, CCG, education, health and families to promote effective partnership working. Children's services actively seek the views of partner agencies when working with individual children, for the purposes of assessment, decision making and planning. Regular multi-agency meetings take place to promote the best interests of the child and family and to improve outcomes. Children's Services engage with Shropshire Safeguarding Children Board.

Monitoring of and challenge to academies is provided in line with the Shropshire Protocol for Monitoring the Performance of Academies. Recent support for the governors of a federation and the brokering of interim leadership arrangements resulted in the sustaining of good education provision at both schools.

Adult Social Care utilises several communication and engagement channels, these include; First Point of Contact; Keeping Adults Safe in Shropshire Board; Shropshire Accident and Emergency Delivery Board; Shropshire Partnership In Care (SPIC) and learning from complaints. A major achievement this year of the Making it Real Board, has been the identification of what the 'essential ingredients' of excellent adult social care are. These 'ingredients' have been used as the basis for training on 'Excellent Customer Service' and for a Peer Review of services provided by Let's Talk Local.

The Council works with the Voluntary and Community Sector Assembly including continuing to recognise and promote the Compact<sup>11</sup>. Furthermore, a partnership with Citizens Advice provides fair access to consumers for civil advice, which would otherwise not be available to them.

Regular engagement between Public Health, CCG and Adult Social Care for the future provision of services is in place. This includes the agreement of Continuing Health Care

<sup>10</sup> Shropshire Towns and Rural Housing

<sup>11</sup> The Shropshire Compact is an agreement that sets out the "rules of engagement" for how Shropshire Council and the voluntary and community sector (VCS) should work together for the benefit of the people they serve.

## **Ensuring openness and comprehensive stakeholder engagement**

funding on a case by case basis through to service redesign and commissioning as part of the Better Care Fund (BCF), the Transforming Care Partnership (TCP) and the Strategic Transformation Plan (STP) in conjunction with the Health and Wellbeing Board.

The Public Health directorate is exploring options for alternative provision of services as well as considering joint commissioning options with other authorities. An example is mobile clinic development to support local access to services in rural communities, therefore reducing client travel time. The local authority and local Members of Parliament (MPs) are engaging with Government to lobby for fairer long-term funding.

A Local Government Association (LGA) Peer review, conducted in April 2018 but relevant to 2017/18, recognised an increased focus on economic growth and infrastructure. This is welcomed by business partners who recognise this as the start of a journey. It reported partners would like to do more, be involved earlier and jointly shape and own priorities and solutions and that improved clarity over Shropshire Council's priorities, focus and pipeline of projects would facilitate this.

## **Defining outcomes in terms of sustainable economic, social, and environmental benefits.**

Development of the Council's Corporate Plan and Strategic Action Plans ensures views across outcomes and actions for the longer, medium and shorter terms. The Council is targeting Economic Growth, Commercial Activity, Digital Transformation and Culture Change in improving delivery of services.

The Commercial Strategy approved by Council at the beginning of March 2017 set out clear visions, objectives and outcomes which include financial, economic, social and environmental issues. Similarly, the Economic Growth Strategy supported by the Commercial Strategy, the key objective of which is to support and drive increased economic productivity, will deliver financially and socially driven outcomes and maximise environmental benefits. A Financial Strategy is drawn up aligned to service outcomes and the long-term sustainability of the Council. All documents provide a direct or in-direct flow from the Council's Corporate Plan and the strategic objectives. The Financial Strategy sets out the short and long-term implications for service delivery across the Council. A new Financial Strategy was developed over the 2017/18 financial year, and by February 2018 a five-year plan was approved by Council. This revised Strategy created a balanced budget within two years and a contingency of £18m to help balance the preliminary 2020/21 financial year (which is expected to change significantly under fair funding introduced that year). The Sustainable Business Plan developed in late 2015 remains, a valid interpretation of the implications for the Council of the current funding formula and sets an approach to deliver a balanced budget, albeit at the expense of most services currently being delivered. All council reports are required to consider financial implications, risk and opportunity, alongside economic, social and environmental concerns. A key action for 2018/19 will be to consider strategic investment into the future, putting together the key elements of an investment strategy with the existing Commercial Strategy. This will most likely be form part of a new Capital Strategy that the Council is required to have in place by 1 April 2019.

Savings delivery is a key part of ensuring a sustainable budget going forward and delivery progress is monitored very carefully by Finance officers, reported to Cabinet quarterly and to directors more frequently. Finance Business Partners regularly advise officers on the long term financial impact of their proposals as well as any conflicts with regulatory requirements or policies.

**Defining outcomes in terms of sustainable economic, social, and environmental benefits.**

Economic Growth has developed and shared at business events a survey to collate business intelligence to inform the impact of Brexit decisions going forward. The topic of Brexit is a standing item on the Marches ESIF (European Structural Investment Funds) Committee Advisory Group, ensuring information is shared across the Marches Local Authorities and LEP. Staff are engaged in workshops on Shared Prosperity Fund proposals (replacing EU funds post Brexit). Council officers have liaised with partners within the Combined Authority for any information on current Brexit assessment work to allow comparisons and sharing of approaches. Members Overview and Scrutiny Task and Finish Group continue to look at Brexit from an economic growth, social and environmental perspective.

Late 2017/18 further development of local economic growth strategies and area masterplans were driven by the need to understand the specific economic, social and environmental characteristics of each of Shropshire's key market towns. The purpose of which, is to define clear actions in collaboration with the local town council and stakeholders that support the overall objectives for sustainable economic, social and environmental growth that will be set out in the Local Plan Review informed by the county wide Economic Growth Strategy.

Outcomes and outputs are defined and managed through robust project management and contract governance in all service areas as illustrated by the Digital Transformation Programme, Capital Investment Board and Commissioning Assurance and Performance Board. The Boards have become further embedded providing assurance, identifying risks and exploring mitigations required to ensure delivery of key projects.

The Council and its partners have a shared Social Value Framework and Social Value Charter. It promotes and embeds social value through research and by organising and delivering awareness raising and development events. Social Value has been embedded within commissioned services, examples include: WSP (Engineering Services Consultancy), Veolia and Serco contracts. The business case for the North West Relief Road, submitted to Government is awaiting a decision. It models transport and links to the LEP in support of this key piece of infra structure.

Most education outcomes are in line with or above national averages, 93% of all Shropshire schools are judged to be good or outstanding by Ofsted. 85% of Secondary schools are good or outstanding. Shropshire data (using different methodology) identifies 89% of all Shropshire schools as good or outstanding.

Adult Social Care is primarily concerned with the social benefits of improving the well-being of those it provides support to, including carers, but such services will also assist Shropshire economically and environmentally in areas such as sustained supported employment, training and enabling resilient communities to develop.

**Determining the interventions necessary to optimise the achievement of the intended outcomes.**

The LGA Peer review conducted in April 2018 identified that the Council had a strong sense of identity and commitment with ambitious leaders. There was evidence of delivering good services at low cost including some significant projects. There is an opportunity to seize working with the new Administration and clarify the narrative (vision and what the Council stands for) and translate this into specific deliverables building on moving from an operational to a strategic focus whilst working to secure financial sustainability.

## **Determining the interventions necessary to optimise the achievement of the intended outcomes.**

All decisions are taken correctly either through delegating to officers or by Cabinet or Council. Reports are considered by Legal Services before decisions are made to make sure they present the information required for members to make a reasoned decision.

This year saw continuation of Strategic Action Plans led by directors and supported by the Corporate Performance Management Framework for staff.

All service areas produce performance and budgetary information for planning purposes and act on the implications of this information. Where this suggests inadequate performance, this is acted upon quickly. All new developments are considered, formally or informally, by Risk Management staff and Finance Business Partners before reaching decision points.

Budget Consultation is undertaken annually, and consultation with Members through party groups and leaders as requested. The Financial Strategy identifies the short and longer-term approaches to managing the budget and considering the options for delivering a self-sufficient council in the future, aligned to the Council's Corporate Plan. Implications for delivery of services and/or increases in resources are reported throughout the Council and through the support of, for example Business Partners, understood and acted upon. Services do not overspend without appropriate action being taken and where this is not possible, appropriate justification provided. Service structures map organisational structures where necessary, ensuring appropriate alignment with Council priorities.

Capital Investment Board chaired by s151 Officer oversees significant future investments aligned to Council priorities and key strategic objectives (income generation, reduction in costs, and achievement of social value). The adoption of a business case methodology, an investment prioritisation process known as the "Hopper process and Pipeline," introduced throughout the Council will help to ensure due diligence before Cabinet take any key investment decisions. Projects this year include: Shrewsbury Shopping Centre, investment JPUT<sup>12</sup>; Tannery, student accommodation; and continuing work at Meole Brace/ gyratory projects and Oxen Link Road (design stage).

In Place and Enterprise, the development of the Highways Asset Management Strategy, led to the Council attaining a level three rating to ensure the maximum capital funding from the Department for Transport; Following completion of the roll out of Waste Recycling with the collection of cardboard and food waste collected at the kerbside, extra dry recycling (30%) was collected. The use of a sticker on the residual bin, reminded residents of the options for recycling, this resulted in a 17% increase in the requests for recycling containers during the summer.

National Accreditation for the Archives Service will drive up standards and lead to better outcomes for customers; Connecting Shropshire, the commercial deployment of superfast broadband, demonstrates the need for public intervention to reach the targets set for superfast broadband speeds for premises, by both the Council and Central Government; The Local Plan Review is in full accordance with national planning policy guidance and governing rules with regular engagement with Elected Members through the Local Plan Working Group.

Given the high demand for adult care services, processes must ensure services are allocated fairly to those who meet the criteria for eligibility. It allocates its limited resources fairly in accordance with statutory eligibility criteria by utilising several mechanisms including: brokerage, robust systems connecting users and providers in the care market; contract management, (robust quality assurance processes to ensure support is appropriate and

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<sup>12</sup> Jersey Property Unit trust

## **Determining the interventions necessary to optimise the achievement of the intended outcomes.**

proportionate to promote independence); focus on quantitative and quality performance; and Shropshire Choices Information Portal Public Factsheets. In addition to statutory performance data submitted for the safeguarding adult return, local performance measures are being developed to monitor activity and provide qualitative information on safeguarding risks.

As the decision maker for an adult lacking capacity to make the decisions for themselves, it is the Council's duty to work in their best interests and consider the least restrictive alternative for that person. This involves consultation with all relevant parties and the consideration of any previously expressed wishes by the person. Partners on the Keeping Adults Safe in Shropshire Board, work collectively to oversee the effectiveness of safeguarding arrangements in Shropshire. There is a Strategic Plan in place with each partner explaining through the Annual Report, how they work to deliver the strategy.

IT solutions and systems continue to have improved controls embedded within them to ensure business continuity in the event of a disaster. Improved Wi-Fi across the Council is in place. The Business Continuity/Disaster Recovery project has continued to develop a robust service delivery plan and individual business areas have been consulted, with localised plans developed to support the IT service in prioritising work in the event of an incident. Delivery of Digital Transformation Programme (DTP) systems is critical to the end of contract life of legacy systems, any delays to the ERP will be critical to the stability of the finance system going forwards. Governance structures around the DTP are embedded and assurance on these is working well. However, the risk to the projects remain resources and getting the right number of people with the appropriate skills is difficult. Design and build processes are underway for the ERP<sup>13</sup> and Social care systems. As the Council transitions from one set of systems to another, particularly given the pressure on resources, levels of assurance may temporarily dip. Every effort to put in additional controls to mitigate this will be taken.

As new projects are entered requiring different skill sets to those established, the Council has invested in bringing in learning from field experts, as demonstrated by engaging consultants for both DTP and a property investment vehicle JPUT to hold the Shopping centre on behalf of the Council with legal and due diligence work undertaken by private sector partners.

The Strengthening Families Programme outcome plan has been refreshed in line with national programme changes and following the LGA Peer review, the Council needs to decide on the future role it plays with Health and in the STP. Health interventions are based on standards set by Public Health England; NICE and the Environment Agency. Public Health has an intelligence led, risk based approach to service activity. Operational team plans are in place with priorities and targets set using a risk, harm and vulnerability 'test'. Key performance indicators are included in team plans.

Progress against staffing and work-related stress risks has been marginal. The Council continues to find it hard to recruit staff with the correct skills, knowledge or experience. This impact is now wider than the positions that have traditionally been hard to recruit to and extends to generic posts in support services, the pay policy is to be reviewed in 2018 to address this. To help mitigate work related stress, a range of wellbeing events have been held over the year and have been well attended, the 'Health MOT sessions have been fully booked. Currently the 'Step up to feel good,' initiative is encouraging staff to get more active during the working week. Absence for stress has dropped but remains high.

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<sup>13</sup> Enterprise Resource Planning System incorporating Finance, HR and Payroll systems

## **Developing the Council's capacity, including the capability of its leadership and the individuals within it.**

The LGA Peer review identified enthusiastic staff, engaged with plans for transformation which are ambitious, challenging and have pace. They recognised the need for the Council to consider how staff deliver business as usual as well as transformation. The Future Leaders and Managers Programme had clearly been valued and is having an impact. Recruitment and retention challenges are affecting capacity to deliver some services but there are opportunities to harness business and other partners (e.g. VCSA) to add capacity e.g. research, digital skills inclusion, volunteering. Basic IT skills training for staff and members was continuing and the focus on broadband and mobile access as an enabler maintained.

Officers and Members understand their respective roles, these are set out in job descriptions, the Constitution, Part 8 Delegations, Contract and Finance Rules. These responsibilities and accountabilities are understood and reviewed on a regular basis. In addition, all members continue to receive training throughout their four-year term and performance appraisals are in place for officers. Members are briefed on new and emerging local government initiatives and a DVD is on the learning portal regarding the code for members, as are other pieces of helpful training, e.g. the new GDPR. (for staff and members). Portfolio Holder roles are clearly established (and challenged where this is not the case) and reporting through senior management and members identifies accountability.

Section 151 update meetings and governance meetings with Head of Workforce and Transformation, Monitoring Officer, s151 Officer and Head of Audit are established and undertaken regularly to consider governance issues as they arise. An external facilitator (CIPFA) was engaged to aid the Audit Committee in assessing its effectiveness. Most principles were found to be in place and embedded and an action plan is to be adopted for minor tweaks to the Committee's delivery.

Tools in place to support the clarity of officer roles and the development opportunities provided to them include; Workforce Development Strategy; team and service plans; risk management reporting through to Cabinet, Audit and Scrutiny Committees; Learning Pool<sup>14</sup>; performance management process; renewed focus on sickness absence; lunch and learn sessions; CPD<sup>15</sup> programmes; regular reporting to Health, Safety and Welfare group; knowledge sharing systems; team meetings and one to ones; improved strategies (IT, Asset, Financial, Commercial, Communications, etc.); and mentoring and sounding boards for the support and development of staff.

Further modules have been developed on Leap into Learning the e-learning tool support the development of our staff. A Leadership Programme has been successfully delivered across the Council, further cohorts are planned alongside recognised management professional qualification delivery.

In addition to the Corporate approach, service initiatives include:

Investment in IT services to help support delivery of the Digital Transformation Programme (DTP) and governance structure around the project have aided its delivery and ensured specialist resource availability; However, the large size of the project means there is a continuing resource issue but this is now easier to quantify, report on and look at options to manage it appropriately. The service is working towards the Industry best practice of ITIL and officers are undertaking courses to support the DTP, such as SQL training, CRM, ERP, WiFi amongst others.

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<sup>14</sup> E learning package

<sup>15</sup> Continuing professional development

## **Developing the Council's capacity, including the capability of its leadership and the individuals within it.**

NEC<sup>16</sup> contracts, project management and procurement strategy training across the Highways team. and wider training and development across the Property Services management team, which has resulted in an increase in contracts won; National accreditation programme for Highways Inspectors as part of the new Code of Practice for Highways; and officers undertaking recognised management qualifications (MBA). Local Governance Boards are in place for high value re-commissioned contracts e.g. Highways, Broadband.

Adult Social Care have a skills matrix across the whole Adult Social Care workforce; joint working, partnerships, i.e. SPIC<sup>17</sup>, joint training with Telford and Wrekin Council; and leading regional workforce development work for ADASS<sup>18</sup>

Removal of the Education support Grant has resulted in loss of funding for EIS, EAS and HR services to schools. The reduction in funding has resulted in substantial loss of capacity to meet statutory requirements. This presents increased risk to the effectiveness of services across Learning and Skills. The Schools Forum have agreed to top slice part of the DSG to contribute to funding for these services in 2018/2019.

Children's Services has a robust training programme, and a good AYSE programme in place which evaluates and provides newly qualified social workers with the support and development they need in their first year of practice. Shropshire are part of both Frontline and Step Up to Social Work, which are graduate programmes to ensure recruitment of good quality newly qualified social workers. The service has increased numbers of Team Managers in recognition of need to increase management oversight on cases and to ensure that cases progress in a timely manner and is providing opportunities for Service and Team managers to seek a management qualification through the apprenticeship levy. The Peer Review in December 2016 and Ofsted Inspection in 2017 reported strong leadership across Children's Services.

Extensive training has been provided in Public Protection including: Preparing Prosecution Files, Advocacy Skills and Food Standards training.

## **Managing risks and performance through robust internal control and strong public financial management**

Services report routinely and regularly through to Council Committees such as Cabinet, Audit, Pension and Scrutiny Committees. They pro-actively input into the annual audit programme, strategic and operational risk reviews. Both strategic and operational risks are reviewed regularly by senior managers and directors for learning points and action, and are reported through to Cabinet and Audit Committee. Risks are also identified and managed in service and team plans. There is promotion of the Opportunity Risk Management Strategy across the Council and, through its application, a positive approach to managing risk is delivered when focusing on achieving the required outcomes and objectives.

Large projects, such the Digital Transformation Programme (DTP) and Shrewsbury Shopping Centre, are supported with the compilation of their risk registers. DTP business risks are further challenged by the DTP Assurance Board which adds a further layer of governance to this well managed programme.

<sup>16</sup> New engineering contract

<sup>17</sup> Shropshire Partners in Care

<sup>18</sup> Association of Directors of Adult Social Services

## Managing risks and performance through robust internal control and strong public financial management

A risk matrix is operated by the Contracts team in relation to Adult Social Care contractors. Risks are identified with investments in commercial activity and a thorough evaluation of opportunity, risk and impact is undertaken when managing and disposing of assets and bringing forward new commercial models and partnerships. Regular financial credit assessments are also conducted on key suppliers.

All financial decisions are reported through to Cabinet, Council and Scrutiny Committee in an appropriate and transparent basis and challenge welcomed from members and officers. All budgets, actuals and variances are reported regularly with supporting information trails. The Financial Strategy identifies a short-term budget plan and a long-term aspirational plan linked to the Corporate Plan for a self-sustaining Council. A full risk assessment is undertaken in support of this. Final Accounts are produced on time and in-line with best practice and have an unqualified audit opinion. It was recognised that there were some issues with debt collection processes however, plans were in place to address these with the introduction of new digital solutions. Based on the work performed by the External Auditor to address the significant risks, they concluded that; 'the Council had proper arrangements in all significant respects to ensure it delivered value for money in its use of resources'.

The Council is now under extreme financial pressure, having saved £198 million since 2009/10 and with a funding gap remaining, after delivery of agreed savings, of £27 million by 2022/23. This funding gap is caused by two key elements; demand pressures and reductions in government funding. Demand pressures are largely caused by demographic growth in Adult Social Care. This is an annual rate of 30% above the national average. Unit costs (per head of population) for Adult and Children's Social Care are benchmarked as Low and Very Low respectively. To address the funding gap, the Council aspirations are to:

- Reduce support costs by 50% from £20 million to £10 million through Digital Transformation.
- Generate £15 million of additional income per annum by investing £300 million at an average gross ratio of at least 10% and net return of at least 5%.
- Reduce further growth in costs in Adult and Children's Social Care through innovation and prevention.
- Consolidate our Estate through the 'One Public Estate' Programme.

It is acknowledged that these aspirations are not without risk and significant investment in time and resource to develop detailed project plans within an overarching Capital Strategy is necessary, over the 2018/19 Financial Year, to bring appropriate rigour and due diligence to this approach. As previously described, all major projects will be considered via the Hopper process. Processes and procedures are in place to ensure management information is available to enable effective decision making across the Council. Key staff are placed on organisational working groups and Finance Business Partners are important members of directorate management teams, guiding and informing decision making. Control totals and reconciliations are a standard approach to working and information is not released until the integrity of data can be assured. Authorisers once identified are inducted and supported in the use of the internal system for payments. Forecasting of projected spend and income is thorough and budget holders understand the risks that need to be managed in their own budget areas. In addition, services hold regular one to ones and performance appraisals for staff to ensure their delivery meets individual, team, service and corporate objectives, for example within the Finance Governance and Assurance Service.

Information management training is undertaken by all staff and senior staff report this through to the SIRO. All data has assigned owners, these are regularly reviewed. Plans are in place to ensure early compliance with the new General Data Protection Regulation (GDPR) (Regulation

## Managing risks and performance through robust internal control and strong public financial management

(EU) 2016/679). In addition, Information Asset Owners complete annual Information Governance Assurance Statements.

The local authority has conducted its own business continuity management and emergency planning exercises and participated in multi-agency exercises. This has provided appropriate assurance and learning points for future development.

Quarterly Corporate Performance Reporting using the Performance Portal is delivered, making information more accessible to members, officers and the public. Key information is data quality checked, for example by applying the Data Quality Toolkits for Adults and Children's Social Care, and the checking carried out on statutory return data. Services manage their performance through several methods: quarterly Quality and Performance meetings with team managers and service managers to review feedback from case file audits, complaints, service user feedback, performance data and the use of dashboards. Quality and performance is a standing agenda item on team meeting agendas and exceptions are escalated up through management structures. Adult social Care, Children's Service and corporately the Council received 23 Local Government Enquiries, two were upheld and six are ongoing, the others were not upheld or not investigated.

Data is held across many systems by different teams. It is stored on secure drives and databases that are protected in accordance with approved policies.

Internal Audit sets a balanced and risk assessed programme each year identifying the key areas for review and the need for assurance. High risk areas not subject to review are identified to enable senior management and members to gather and seek their own assurance as necessary. Audit Committee undertakes a regular self-assessment, challenged by officers and External Audit, and undertakes regular training sessions based on the identification of areas for improvement and key risks and fundamental knowledge-based needs. Over the year service managers have been required to attend Audit Committee to provide assurance not otherwise secured. Improvements in the IT control environment have been demonstrated with improved levels of assurance. The most significant improvement is the IT Disaster Recovery/ Business Continuity audit assurance level; after several years where assurance levels have been unsatisfactory, including fundamental recommendations, this is now considered reasonable. It is anticipated that if the live testing planned for later this year is successful at the next review the assurance level will be good. Lower levels of assurance are not focused on any one area but improvements are required in social care processes, some IT applications and processes, debt recovery aspects of sales ledger, transport operations and estate management. Whilst not significant enough to influence the Head of Audit's opinion, managers are advised to target these areas for improvement.

Based on the work undertaken and management responses received; the Council's framework for governance, risk management and internal control is sound and working effectively and the Head of Audit can deliver an unqualified year end opinion for 2017/18.

Following a Peer review by the Local Government Association and Centre for Public Scrutiny February 2017, the Council have revisited the remit of the committees. Scrutiny now has an increased focus on pre-decision (overview) work, providing the opportunity for non-executive Members to inform the development of policies and decisions. A strategic work programme is in place, developed with Scrutiny members directly linked to the Council's medium-term outcomes and objectives set out in the Strategic Action Plans which form part of the Corporate Plan. Committee work programmes provide a mix of meetings and task and finish groups which create opportunities to carry out in depth scrutiny. Investment has been made in Overview and

## **Managing risks and performance through robust internal control and strong public financial management**

Scrutiny: with well received Member Development Sessions delivered by INLOGOV<sup>19</sup>; and employment of an experienced Overview and Scrutiny Officer.

The Pest Control team in Public Protection achieved CEPA certification en16636, which is the European Standard for Professional Pest Management Companies.

## **Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

As a public body, the Council has a high level of transparency in its activities and reporting and complies with the relevant legislation. Information is reported and shared through various routes including Council, Cabinet, Scrutiny Committees and with partners, via for example the Local Enterprise Partnership and Management Committee. Regular briefings are held with portfolio holders and ward members are engaged on local matters.

Scrutiny committees and meetings, such as Shropshire Children's Trust consider new strategies, plans and performance outcomes are discussed. In Economic Growth performance of developer spending contributions have been the subject of a detailed cross-party member task and finish group reporting to Performance Management Scrutiny Committee with recommended changes.

The Commissioning and Assurance Board continues to embed and has been integral in managing key decisions, such as the Shrewsbury Shopping Centre Project. The Information Governance Group is implementing and monitoring progress of General Data Protection Regulations and improved Freedom of Information processes have impacted positively on resulting statistics.

Reports are written and communicated to the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience ensuring that they are easy to access and interrogate. The Council's communication team works with officers and members to ensure key messages are conveyed in plain English and appropriate formats which do not discriminate against any member of society.

Both Children's and Adult Social Care have a high level of transparency in decision making and involving service users in the process. The services are often challenged and held to account for the decisions made which are supported by employing a variety of techniques which include: performance reporting and dashboards; financial modelling (e.g. Adult Social Care Growth Model); liaison meetings with CQC held jointly with Telford and Wrekin Council and Healthwatch. Through ongoing reporting and auditing of hospital discharges, Adult Social Care has been able to constructively challenge hospital data where necessary and apportion correct accountability between organisations. This work has also been instrumental in the monitoring of the Council's own internal processes to improve good practice. Detailed Children's Trust reports have focused on school performance, elective home education, pupil exclusions, special educational needs and gaps between the performance of specific groups of pupils (such as those who are disadvantaged) and their peers.

Quarterly performance reports are provided from Connecting Shropshire to the Marches LEP for the growth deal funding. These are then reported at LEP management group and to the LEP Board which both have representatives of Shropshire Council.

Data reports are produced to comply with transparency requirements. In addition, the benefits of the Performance Portal to support improved benchmarking activity for the Council by using

<sup>19</sup> Institute of Local Government Studies

## **Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

CFO Insights<sup>20</sup> via Grant Thornton; and a Council wide contract register and reference system are being realised.

All service areas are subject to internal audit review with significant key systems falling under annual review given their status. Internal Audit recommendations are considered by the senior team on a regular basis for good housekeeping and to identify additional learning. The information also provides a position statement on the risk appetite of the control environment and its resilience to any challenges.

In their Audit Findings for the year ended 31 March 2017, the External Auditor provided an unqualified opinion on the financial statements and an unqualified Value for Money (VFM) conclusion.

Both Internal and External Audit can be invited to review issues once they have gone through the appropriate management review processes to provide a level of independence, an example of this is the management and control of the Market Town Revitalisation Programme due to be reported in 2018/19.

Public Protection is subject to inter authority audits of Food Standards Service and statutory returns are submitted annually for Food Safety, Food Hygiene, Permitted Processes and Private Water Supplies.

The Local Government Association conducted a Corporate Peer Challenge early 2018/19 to allow the Council to learn from others and target future improvements. Findings relevant to 2017/18 have been included in this statement and a further improvement plan will be considered on receipt of the full report. The LGA Peer review identified the Council as having a good track record of delivering services within budget and reasonable non-ring-fenced reserves. It recognised a shift in financial planning from shorter-term to strategic and that the five-year financial plan clearly outlines the size of the challenge. The Strategy has moved to focus more on innovation and commercially-driven income; both can be higher risk and take time to deliver leaving the Council reliant on using reserves to balance the budget, which is unsustainable. There is a lot of ambition and opportunity e.g. digitalisation, commercialisation, use of data in partnerships. However, given the risks, it is recognised that there needs to be more detailed plans to provide assurance.

## **Significant governance issues**

The main challenges facing the Council appear in the **Appendix** below and are set in the context of delivering services to acceptable standards whilst achieving the budget savings required in 2018/19 and the remaining funding gap of 27m by 2022/23 as identified as part of the Corporate Plan and Financial Strategy.

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**Leader**

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**CEO/ Head of the Paid Service**

<sup>20</sup> An online analysis tool that gives instant access around the financial performance, socio-economic context and service outcomes for every council in England, Scotland and Wales.

## Appendix: Significant governance issues

To ensure services are delivered to acceptable standards whilst achieving the budget savings required whilst managing strategic risks, the Council will strive to achieve the following outcomes:

	Targeted outcome	Risk Target	Strategic Risk	Activity	Lead Officer	Completion date
1.	Services review, identify and deliver efficiency savings, financial assumptions become more refined and budget plans are in place to deliver services within the resources available.	High	Sustainable Budget: Inability to ensure income exceeds expenditure for the years 2019/20 and beyond for outcomes to be delivered.	<p>Continual review of the Financial Strategy, approved by Council 22 February 2018, as part of existing processes and annual budget setting and development of detailed implementation plans.</p> <p>“Hopper” approach rolled out to all projects, with strengthened senior management and Member involvement.</p> <p>Generate plans to deliver £15 million of additional income per annum by investing £300 million at an average gross ratio of at least 10% and net return of at least 5%.</p> <p>Capital Strategy to clarify outcomes and help prioritise investment opportunities</p>	<p>James Walton</p> <p>Gemma Davies</p> <p>Clive Wright (Tim Smith)</p> <p>James Walton/ Tim Smith</p>	<p>February 2019</p> <p>April 2018</p> <p>February 2019</p> <p>September 2018</p>
2.	The workforce requirements are met by a sustainable source of people resources, flexible enough to reflect the changing needs of the Council.	High	Staffing: Inadequate retention and recruitment of experienced and qualified staff results in insufficient capacity and	<p>Revise Pay Policy</p> <p>New commercial structure being implemented to include the requisite skills and experience along with services and resource contracted in to help deliver the high priority projects.</p>	<p>Clive Wright</p> <p>Clive Wright</p>	<p>May 2018</p> <p>June 2018</p>

	Targeted outcome	Risk Target	Strategic Risk	Activity	Lead Officer	Completion date
			experience to sustain Council's service provision.			
3.	Staff are healthy and happy in the workforce and therefore perform to a high standard.	High	Work Related Stress: Increases in work related stress impacts the ability to deliver Council outcomes.	Strengthen staff engagement and recognition to support the culture required to deliver transformation.  Policy change regarding sickness absence	Michele Leith	December 2018
4.	Adults are safeguarded to the highest standards.	Medium	Failure to Safeguard Vulnerable Adults: Failure to safeguard adults with care and support needs including adhering to legislation in relation to DoLs.	Reduce further growth in costs in Adult Social Care through innovation and prevention.  New Social Care system.	Andy Begley	September 2018  December 2018
5.	Children are safeguarded to the highest standards	Medium	Failure to Safeguard Vulnerable Children: Failure to safeguard vulnerable children and meet the recommendations of Ofsted.	Reduce further growth in costs in Children's Social Care through innovation and prevention.  New Social Care system	Karen Bradshaw	September 2018  November 2018
6.	Improved business processes with embedded controls	Deleted	Digital Transformation Programme: Failure	Continue to review and address resource requirements	Michele Leith	November 2018

	Targeted outcome	Risk Target	Strategic Risk	Activity	Lead Officer	Completion date
	providing enhanced access to customers, better service delivery to clients and business continuity in the event of a disaster.		to implement the Digital Transformation Programme within planned timescales to provide ICT solutions to support business applications and benefits realisation.	<p>Go live with ERP incorporating Finance, HR and Payroll systems</p> <p>Reduce the cost of service provision by 50% from £20 million to £10 million using the tools delivered through Digital Transformation. This includes changes to working practices, processes and methods.</p> <p>Develop more detailed implementation plans to provide assurance that the proposals are achievable particularly in the short term i.e. 2018/19 and 2019/20.</p>	<p>James Walton</p> <p>Michele Leith</p> <p>Michele Leith</p>	<p>October 2018</p> <p>April 2019</p> <p>April 2019</p>
7.	Increased pressures on social and health services are known and managed in the most effect way within budget provisions.	Medium	Health & Social Care: Failure of the STP to deliver transformation and integration of Health & Social Care and the subsequent impact on managing demand and cost across the economy.	Determine the Council's future role with Health and the STP	Rod Thomson/ Andy Begley	September 2018
8.	A clear long-term budget is identified allowing for certainty in the delivery of future services.	High	Future Funding Levels: Lack of clarity from Central Government on the	Central Government Funding mechanism reviewed as it emerges and financial plans adopted to meet these requirements within the timescales allowed.	James Walton	April 2020

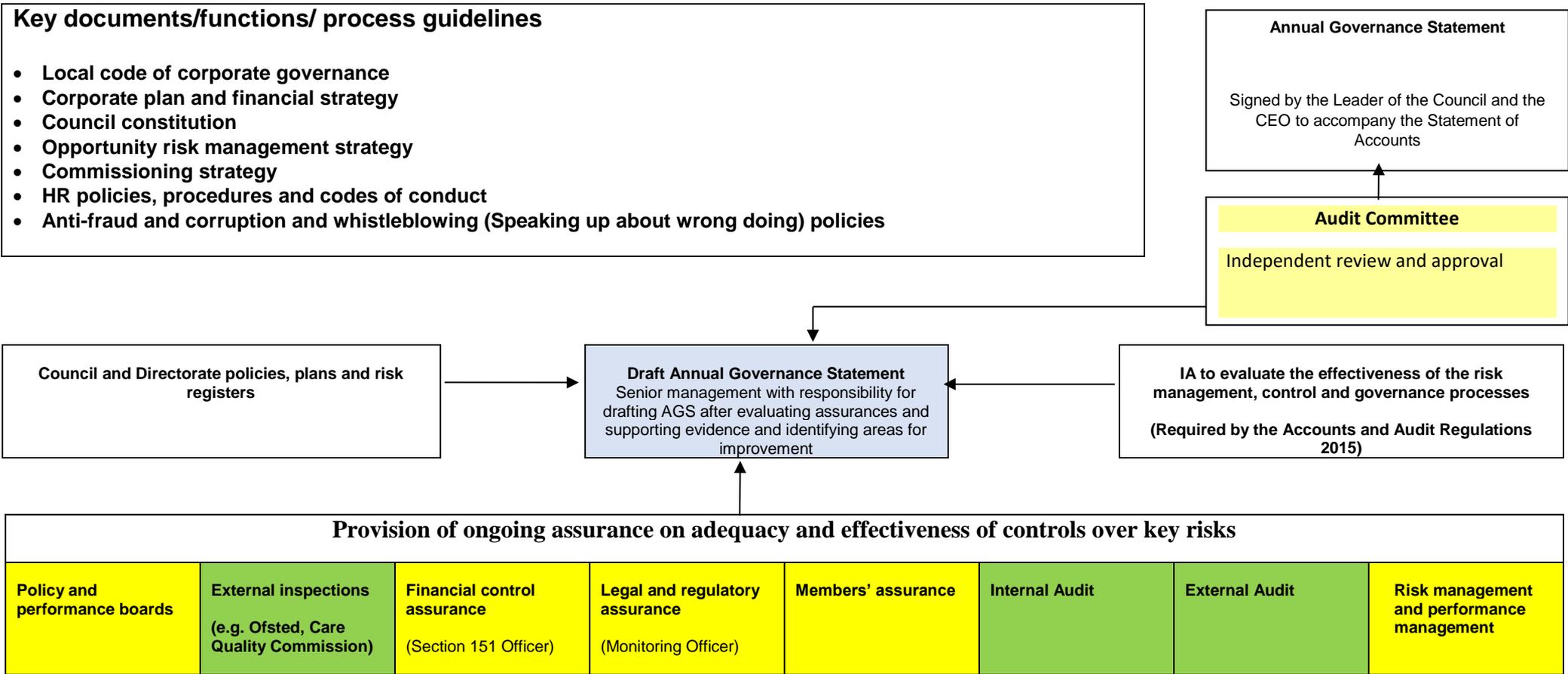
	Targeted outcome	Risk Target	Strategic Risk	Activity	Lead Officer	Completion date
			future funding levels and changes to Local Government powers and financing, plus increased uncertainty re: local resources which inhibits the ability to calculate future budgets (including funding methodology)			
9.	The public are confident in the delivery of Council services.	Very Low	Reputation: Loss of reputation and public confidence in the Council by failing to meet public expectations and identified need.	<p>Communications strategy produced for review by Directors.</p> <p>Celebrate success.</p> <p>Define and develop the Council's reputation and brand. Plan cohesively all communications and marketing.</p>	Michele Leith (Andrew Boxall)	November 2018
10.	Contracts are well managed and maximum impact is obtained.	Low	Contract Management: Inconsistency within contract management and monitoring results in failure to support our outcomes.	<p>Ensure that data and intelligence requirements are identified and set out in contracts. Review of current contracts and grants from across the Council (costs, measures and monitoring arrangements).</p> <p>Establish and embed provider complaints reporting requirements within all contracts and implement an IT solution which enables</p>	Michele Leith (Tom Dodds)	September 2018

	Targeted outcome	Risk Target	Strategic Risk	Activity	Lead Officer	Completion date
				<p>providers to log the complaints they receive with the Council's complaints system.</p> <p>Put in place arrangements to identify, record and address issues relating to adult safeguarding referrals which are not taken forward as safeguarding investigations, but should be taken as a complaint.</p>		
11.	Strategies deliver outcomes that support the overall direction of the Council	Low	Delivery of Key Corporate Strategies: Failure to deliver key corporate strategies (i.e. Commercial and Economic Growth) prevents the Council from meeting the corporate outcomes.	<p>Develop, review refresh strategies for:</p> <ul style="list-style-type: none"> <li>The Council's specific priorities and outcomes, communicate them and focus resources accordingly as part of the new Corporate Plan 2019/20 onwards.</li> <li>Consolidate our Estate through the 'One Public Estate' Programme</li> </ul>	<p>Michele Leith (Tom Dodds)</p> <p>Clive Wright (Tim Smith)</p>	<p>December 2018</p> <p>December 2018</p>
12.	Well managed Council demonstrating all the qualities of an excellent public body, showing accountability, transparency, integrity, openness in line with all the Nolan principles.	Medium	Governance: Failure of individuals to adhere to governance policy and procedures results in an increased risk of fraud, corruption and inappropriate use of resources (assets,	<p>Review of constitution by Constitution Working Group including several council policies.</p> <p>Strengthen the investment in the joint Cabinet/Senior Management Team to help deliver improved outcomes and model the desired culture. Adopt a whole Council approach.</p>	<p>Claire Porter</p> <p>Clive Wright</p>	<p>December 2018</p> <p>December 2018</p>

	Targeted outcome	Risk Target	Strategic Risk	Activity	Lead Officer	Completion date
			buildings, finance, people)	Develop a package of training and development opportunities for Cabinet Members to undertake if they so wish.	Claire Porter	February 2019
13.	IT systems work effectively and efficiently allowing service delivery to be on time, accurate, safeguarding data and beneficial to all users.	Medium	ICT Provision: Failure of existing ICT provision (infrastructure, systems, services and support) could result in significant impact on service delivery and disruption to business activities.	<p>IT adopt the best practice methodology of ITIL to improve their service.</p> <p>This work is being complimented by a restructure, which will ensure the right roles are in place to offer a first-class IT service. The restructure will consider the requirements of Digital Transformation, both immediate and foreseeable.</p> <p>Digital Transformation will deliver the tools needed for the Council to work differently, all of which will be implemented on robust and tested platforms.</p>	Michele Leith (Andrew Boxall)	<p>July 2018</p> <p>April 2019</p>
14.	A clear plan of action for the Council and delivery against this is demonstrated by all parties.	Medium	Strategic Vision and Strategy: Failure to clearly articulate the strategic vision and strategy for the Council results in inability to deliver outcomes.	<p>More detailed implementation plans to provide assurance that the proposals are achievable particularly in the short term i.e. 2018/19 and 2019/20.</p> <p>See actions for 1 and 11</p>		
15.	To minimise any economic impact that	Medium	Economic Impact of Brexit: Potential impacts on Shropshire's	Strengths Weaknesses Opportunities and Threats (SWOT) analysis in place and updated when more information available.	Clive Wright (Gemma Davies)	December 2018

	Targeted outcome	Risk Target	Strategic Risk	Activity	Lead Officer	Completion date
	Brexit may have on the Shropshire economy.		economy need to be further explored for the level of risk at a macroeconomic level to be further understood. At present, much of the evidence is anecdotal but officers are aware of some investment decisions being affected and some sectors could be more vulnerable (for example agriculture, food and drink).	<p>Review EU funding programme and resource needs.</p> <p>Discussions with LEP and DCLG to identify opportunities.</p>		

**ANNUAL GOVERNANCE STATEMENT (AGS) ASSURANCE FRAMEWORK 2017/18**



Key to levels of assurance
First line of defence
Second line of defence
Third line of defence