Calderdale MBC Annual Governance Statement 2017/18

1. What is the Annual Governance Statement (AGS)?

It is a mandatory requirement for local government bodies required by the Accounts and Audit Regulations 2015.

In essence it is an accountability statement from Calderdale MBC to stakeholders on how well the Council has delivered on governance over the course of the previous year.

It is an open and honest reflection on governance which identifies any current challenges.

It is a meaningful tool for improving governance where areas for improvement are identified.

2. What is a Governance Framework?

CIPFA and Solace introduced a new governance framework, *Delivering Good Governance in Local Government: Framework,* in April 2016. This includes seven principles for Good Governance in the Public Sector as follows:
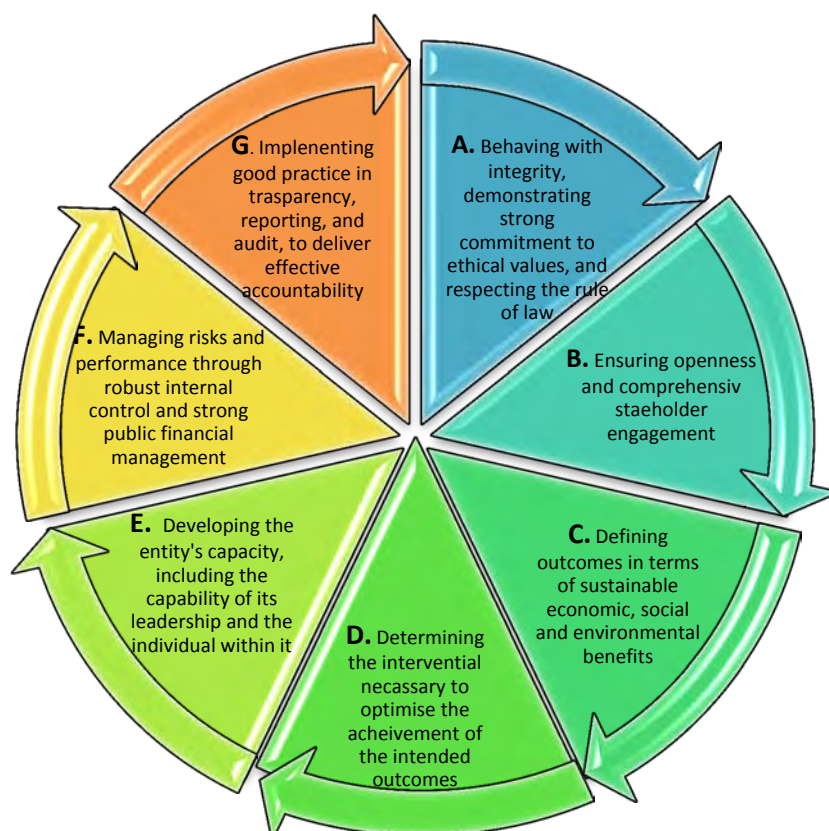
Since 2016/17 Calderdale Council has adopted these principles to demonstrate its commitment to delivering good governance which are detailed within the *local code of corporate governance*.

3. Who is the Audience for the AGS?

In addition to the statement being of value internally to Members and staff, the AGS is prepared to provide accountability to a wide variety of stakeholders including the following:

➢ Members of the public
➢ Local businesses
➢ Partners
➢ DCLG
➢ External auditors, inspectors and regulators

4. What Demonstrates Good Governance for Local Authorities?

✓ OPERATION OF A GOVERNANCE FRAMEWORK
✓ HAVING A SYSTEM WHICH BRINGS TOGETHER AN UNDERLYING SET OF LEGISLATIVE REQUIREMENTS, GOVERNANCE PRINCIPLES AND MANAGEMENT PROCESSES
✓ STRONG REGULATORY FRAMEWORK WITH ROBUST ARRANGEMENTS FOR MONITORING AND REVIEW
✓ GOVERNANCE ARRANGEMENTS WHICH ARE OWNED BY AND VALUED BY SENIOR MANAGEMENT AND ALL STAFF AND NOT REGARDED AS MERELY BUREAUCRACY
✓ EXECUTIVE ARRANGEMENTS ARE BASED ON SOUND DECISION MAKING SUPPORTED BY EFFECTIVE PROCESSES

5. What Governance Arrangements Does Calderdale Have in Place?

The following demonstrates the overall framework of assurance for Calderdale which together ensure that the Council is achieving its objectives, achieving underlying good governance, risk management and internal control.

The Councils control environment is shown at **Appendix A**, which details the Council's Constitution which includes the rules of governance for the Council and is underpinned by the Standards, Policies and Procedures which support the delivery of the Council's priorities.

The review of the Council's governance arrangements in 2016/17, agreed the formulation of the Corporate Governance Group. Members of the group are senior officers from across the council with responsibility for governance. At the inaugural group meeting the terms of reference were agreed with the key purpose of the group being as follows:

- ✓ establishing roles and responsibilities for governance;
- ✓ the sharing of best practice;
- ✓ avoiding duplication of effort where governance areas overlap;
- ✓ determining the best methods of communication, training and monitoring; and
- ✓ determining how assurance can be gathered for the Annual Governance Statement.

Throughout 2017/18 the Corporate Governance Group has met and considered various issues including the following:
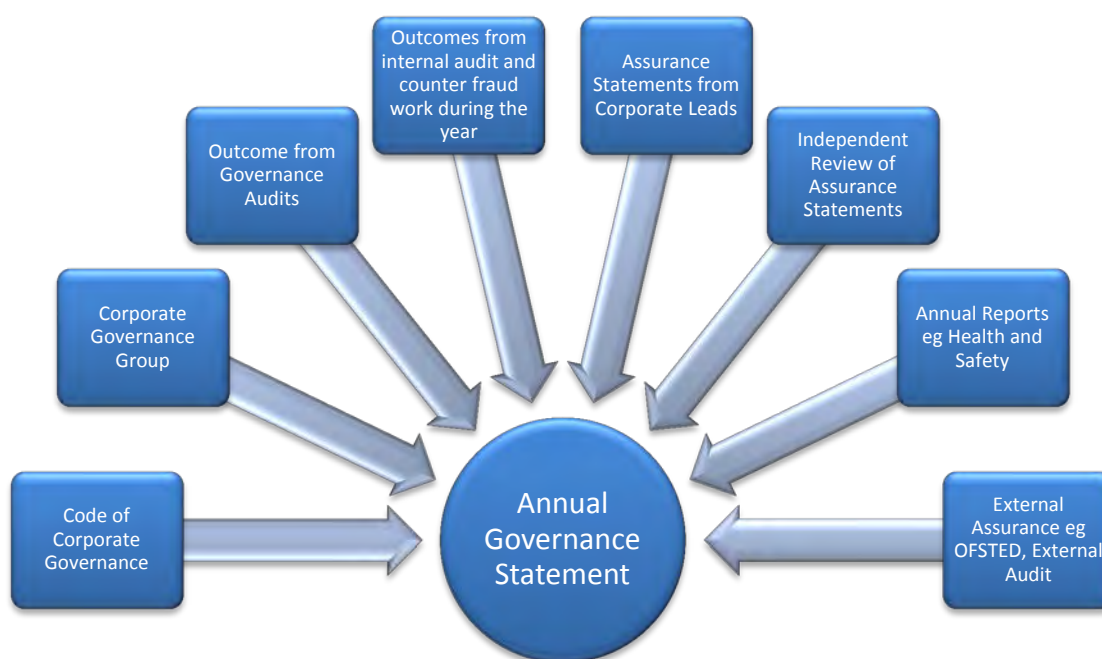
- ➢ action required to address weaknesses identified;
- ➢ other mechanisms to ensure knowledge of governance is being embedded and rules were being followed;
- ➢ training requirements;
- ➢ use of staff and manager questionnaires;
- ➢ Governance arrangements in schools.

The work of this group has resulted in the following actions all of which are improving governance through the promotion and increased awareness of good governance:

6.   How is the Effectiveness of Calderdale's Arrangements Evaluated?

The following chart shows the assurance mechanism which supports the overall evaluation of the effectiveness of the governance framework in place at Calderdale, including the systems of internal control, which take into account risk and ultimately aids the preparation of AGS.

Outcomes from internal audit and counter fraud work during the year

Assurance Statements from Corporate Leads

Outcome from Governance Audits

Independent Review of Assurance Statements

Corporate Governance Group

Annual Reports eg Health and Safety

Code of Corporate Governance

Annual Governance Statement

External Assurance eg OFSTED, External Audit

7.   What is the Opinion on Calderdale's Governance Arrangements?

This statement provides an opinion on the level of assurance with regards to the Council's governance arrangements which enable stakeholders to be satisfied that proper arrangements are in place to govern spending and safeguard assets.

The evaluation on the effectiveness of arrangements provides assurance that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

8.   Are there any risks, future challenges and weaknesses in Calderdale's Current Governance Arrangements and where applicable how are they going to be addressed?

The review of effectiveness identified the following issues with regards to governance:

a) Business Continuity

Since 2015/16, as a result of the weak opinion given by Internal Audit from an audit review, together with the outcome of the Quality Assurance process Business Continuity has been included as a significant item in the Councils AGS.

Although action plans have been in place to address the issues identified the latest Assurance Statement for 2017/18 by the Corporate Lead for Business Continuity, Director of Public Health gave an 'Adequate/Weak' rating.

The 2017/18 Assurance Statement detailed that the following actions have been taken throughout the year to address the previous weaknesses:

"Each Directorate has identified critical areas of business which ideally need to have a turnaround time of 4hrs. BC Plans include Business Impact Assessments are nearing completion (including testing & exercising), co-ordinated by the Corporate BC Group, for all these areas. Calderdale's annual Flood Plan also incorporated exercising of risks around Business Continuity. Focused work on the risk of Cyber security including the management of real time incidents."

The statement however, also detailed the following weaknesses identified for 2017/18:

"Plans have been identified in all directorates, further work required around co-dependencies and the co-ordination and management of BC response."

Actions have been identified by the Corporate Lead, along with timescales, to address weaknesses which include the testing and evaluation of business continuity plans to ensure they are effective, resilient and robust. Actions also include the need to refresh the Council's Corporate Business Continuity Plan to ensure that the new and emerging arrangements around Business Continuity are acknowledged including the increased UK threat level to terrorism and risk around cyber security.

In addition, as was the case in 2016/17, the Assurance Statement from the Corporate Lead for ICTCE reflected a weakness in that currently the Council does not have an efficient Disaster Recovery mechanism in place, although a technical solution is ongoing.

The issue with regards to Disaster Recovery combined with the assessment from the Corporate Lead for Business Continuity merit including this issue within the AGS for 2017/18 despite the improvements which have been made.

Implementation of actions identified as part of the assurance mechanism for 2017/18 will ensure that the issues are dealt with and the issue removed from the AGS. Progress with implementation of the actions will be monitored through the Audit Committee.

Throughout 2017/18 Business Continuity plans have been tested out for real during the heavy snowfalls over the winter period. It was pleasing to note that each directorates Business Continuity plans were put in place. A business continuity group across the organisation was established and was assured that all appropriate measures were activated. A few lessons were earned regarding IT capacity and these are being addressed through the business continuity group.

All the 'new' directorates are represented on the business continuity group and each are reviewing their inherited plans.

b) Project Management

As a result of concerns identified with regards to the governance arrangements around project management, this issue has been included as a significant item in the Councils AGS since 2015/16.

A number of corporate initiatives have been introduced throughout the authority in 2016/17 to address the weak areas identified with regards to record keeping, evidence to support the appointment of consultants, the need to improve monitoring arrangements, quality control and roles and responsibilities.

The key improvements which were identified in 2016/17 included the following:

i)   Corporate Project Overview Group
ii)   Project and Contract Management Training
iii)   Development of a Project Management Approach

These approaches have led to some improvements. For example, training has been undertaken by project managers around project and contract management and this will need to continue to be rolled out. Similarly the Corporate Project Overview Group meets on a regular basis and reviews, challenges and disseminates lessons learned to other projects. This has already demonstrated improvements in terms of lessons learned and earlier identification (and solutions) of issues arising on projects.

Although some action has been taken in each of these areas, it is considered that further action is needed, in particular the continuation and extension of training and the roll out of the new project management approach. As such it is considered that as these arrangements have not been fully embedded that there is merit in including this issue once again within the 2017/18 AGS.

Workforce planning was identified as an area of improvement and work commenced in 2017/18 to develop internal project managers within the Council through the 'Grow

Your Own' initiative. Arrangements have not been finalised and to date appointments have yet to be made.

Monitoring will be carried out to measure the impact of new arrangements, ensure that lessons are learnt and that the new approach is embedded, which will be reported to Audit Committee.

No additional items have been identified for inclusion in the 2017/18 AGS.

Signed by the Chief Executive: *Date:*   *31 July 2018*

Signed by the Leader of the Council: *Date:*   *31 July 2018*