

Appendix 1 – Annual Governance Statement

1. Scope of Responsibility

Rutland County Council (“the Council”) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes the arrangements for the management of risk.

The elements of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government (updated in 2016) are embedded throughout the Council’s Constitution and other strategies. This statement explains how the Council has complied with the framework and also meets the requirements of regulation 4(3) of the Accounts and Audit (England) Regulations 2011 in relation to the publication of an Annual Governance Statement.

2. The Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values by which the Council is managed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council’s policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically by identifying and implementing measures to reduce the likelihood of the risks being realised and to negate or mitigate their potential impact.

The governance framework has been in place at Rutland County Council for the year ended 31 March 2017 and up to the date of approval of the statement of accounts.

3. The Governance Framework

The Council has a ‘Local Code of Governance’ which states our commitment to complying with the principles of good governance and references relevant

documents where stakeholders can find out more. This section of the AGS describes some of our arrangements in more detail.

Vision, Aims and Objectives

The Corporate Plan serves as a roadmap for what the Council wants to achieve during its current four-year term. The Plan was developed following a review of the previous Plan, a multi-agency workshop, public consultation and Scrutiny Panel review and feedback.

Significant amendments were made to the Plan after the consultation. Cabinet recommended the Plan for approval by Cabinet in August 2016. The Plan was finalised and approved by Council in September 2016 and includes a revised set of strategic aims and objectives which can be found here:

<http://www.rutland.gov.uk/my-council/how-the-council-works/key-plans-policies-and-strategies/corporate-plan/>

Priorities for the Council over the next four years, as set out in the Corporate Plan, include:

- Delivering sustainable growth, supported by appropriate housing, employment, learning opportunities and infrastructure (including other Public Services)
- Safeguarding the most vulnerable and supporting the health and well-being needs of our community
- Planning and supporting future population and economic growth to allow businesses, individuals, families and communities to reach their full potential
- Ensuring the Council's medium term financial plan is balanced and based on delivering the best possible value for the Rutland pound

The aims and priorities are underpinned by targets which will be reported on quarterly through the corporate performance report. The targets include improving educational attainment, reducing emergency admissions to hospital, creating 160 new affordable homes, increasing the number of visitors to Oakham castle and reducing the funding gap in the Medium Term Financial Plan (MTFP).

These targets form the basis for planning for the Budget, Local Plan, the Councils input to the Sustainability and Transformation Plan as well as service and team plans.

The financial implications of implementing agreed priorities are incorporated into the Budget Process and the MTFP.

Political and Constitutional Arrangements

Political Profile of the Council

At the start of 16/17 the Council had 26 Members (17-Conservative, 5-Independent, 2-Non-aligned and 2-Liberal Democrat).

In November 2016, Councillor Alan Walters left the Independent Group and joined the Conservative Party; Councillor Marc Oxley became the new Leader of the Independent Group with the support of the Members of this group.

In January, following a period of ill health, the Council's then Leader Councillor Terry King resigned from both his role as Leader and ward member for Exton. On 26 January 2017, the Council elected Councillor Tony Mathias as Leader of the Council and Councillor Oliver Hemsley as Deputy Leader. At the same meeting Councillor Mathias appointed a new Cabinet Member, Councillor Alan Walters with portfolio responsibilities for Community Safety, Culture, Sport & Recreation and Environment. These changes resulted in a vacancy for the Chair of Resources Scrutiny Panel, Mrs Burkitt was appointed to this vacancy by Council.

In March 2017 the poll for Exton by-election took place. June Fox (Conservative) was elected as the Ward Member for Exton and will serve as a Rutland County Councillor until the next round of normal elections in 2019.

At the end of 2016/17 municipal year the Political make-up of the Council had changed to the following: 26 Members (18 - Conservative, 4 - Independent, 2 - Liberal Democrats and 2 – non aligned).

Elections

In May 2016, an election was held to vote for a new Police and Crime Commissioner (PCC), who is accountable for how crime is tackled in the police force area across Leicestershire and Rutland. North West Leicestershire District Council was the lead authority for these elections. Lord Willy Bach was elected at the new PCC.

In June 2016 the European Union (EU) Referendum was held to decide whether the UK should leave or remain in the European Union. With the outcome in Rutland being to Remain part of the EU.

Constitution

The Council's Constitution defines the roles and responsibilities of the Council, Cabinet, Committees and Scrutiny Panels and provides for extensive delegation to officers. Policy and decision making are facilitated by a clear framework of delegation set out in the Council's Constitution. Delegation arrangements were renewed at the Annual Council Meeting in June 2015 and again in May 2016. The exercising of delegated powers is regulated by Financial Procedure Rules, Contract Procedure Rules and other policies and procedures.

The Constitution includes a list of roles of officers including officers responsible for undertaking statutory roles. The Chief Executive is the Head of Paid Service. The Director for Resources is designated as the Council's Monitoring Officer under the

Local Government and Housing Act 1989 and the Assistant Director (Finance) is designated as the responsible officer for the administration of the Council's financial affairs under section 151 of the Local Government Act 1972.

The Audit and Risk Committee undertakes the core functions of an audit committee, in accordance with CIPFA's Audit Committees – Practical Guidance for Local Authorities and this is set out in the Committee's terms of reference, which include the Council to act as those charged with governance on behalf of the Council.

The Constitution is kept under review by a working group of members appointed by the Council. The working group recommends amendments to the Constitution to the Council, Its work included:

- Changes to the rules regarding substitutions on Development Control and Licensing Committee and the introduction of mandatory annual planning training;
- Approval of the Terms of Reference for Rutland Health and Wellbeing Board;
- Updates to the Scheme of Delegation in relation to new powers conferred by the Anti-Social Behaviour, Crime and Policing Act 2014;
- Approval of amendments to the Constitution (Financial Procedure Rules (FPRs), Contract Procedure Rules, Council Procedures and the scheme of delegation.); and approval of Revised Petitions Guidance and consequential changes to the Procedure Rules.

One of the Council's priorities for 2017/18 is a full review of the Council's Constitution.

Community Governance Review

In February 2015 Rutland County Council agreed that a Community Governance review be undertaken for the parish of Barleythorpe and the parish ward of Oakham North West to consider whether the parishes should be altered by adjusting their common boundary and to consider the most effective and convenient form of community governance for residents in the area.

In January 2017, the review was completed and a new Barleythorpe Parish Council is to be created. An interim Council is now in place and elections of Parish Councillors will take place in May 2018.

Boundary Commission Review

The Local Government Boundary Commission for England has identified Rutland as requiring an electoral review which will take place starting in March 2017 with consultations from July to October 2017 and the final recommendations published in April 2018 with any changes coming into force for the Elections in 2019.

The review will determine the:

- Total number of councillors
- Total number of wards

- Boundaries of each ward
- Number of councillors elected to each ward
- Names of each ward

Decision Making Arrangements

The officer structure of the Council operates with a Chief Executive and three Directorates, entitled People, Places and Resources.

Matters which require a decision to be made by members are considered by the relevant Directorate Management Team (DMT), who will make a recommendation to the Strategic Management Team (SMT), which comprises the Chief Executive, Directors and Deputy/Assistant Directors. If approved, the matter is reported, with a recommendation to the Cabinet or other appropriate body.

The Director for Resources is designated as the Council's Monitoring Officer under the Local Government and Housing Act 1989. All reports to a decision making body must be considered by the Assistant Director Legal and Governance (under a shared service arrangement with Peterborough City Council) before they are submitted. This is to ensure compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful.

In accordance with the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, decisions made by officers following express delegation by the Cabinet are recorded in writing.

Governance Group

The Governance Group, which works under the broad direction of SMT and comprises officers from across the Council, to provide a forum to discuss and develop a coordinated approach to:

1. Risk management;
2. Corporate governance;
3. Statutory and constitutional compliance;
4. Decision-making and accountability;
5. Audit, inspection and control systems; and
6. Corporate policy and procedures

During 2016/17 the Group, which is now chaired by the Director for Resources, has focused on the following issues:

- Data Retention and Disposal and the Councils arrangements for archiving documentation in line with retention set out in legislation.
- Reviewing the Council's Fraud Risk register to ensure emerging trends are captured and reflected in the document.

Performance Management

The Council has a performance management framework through which quality of service and use of resources is measured. Financial and non-financial performance is monitored by DMT's and SMT on a regular basis and is formally reported to Scrutiny Panels and Cabinet on a quarterly basis. Progress against the strategic aims is measured in milestones and this is included in quarterly monitoring reports. The performance management framework flows through the Council, down to an individual employee level. All officers have a Performance Development Review (PDR) with their manager during each year. This process includes reviewing progress against objectives and targets and setting new objectives and targets for the forthcoming year. Training and development needs are also identified during this process.

Cabinet takes the lead role in improving the performance management framework and maintaining comprehensive quarterly reporting, which includes financial performance, progress against non-financial targets and milestones and risk management.

The Council also has a Compliments, Comments and Complaints Policy. Compliance with the Policy is reported via the performance management framework and an annual report is taken to Resources Scrutiny Panel for Member consideration.

Financial Management

The Assistant Director (Finance) is designated as the responsible officer for the administration of the Council's financial affairs under section 151 of the Local Government Act 1972.

The CIPFA Statement on the Role of The Chief Financial Officer in Local Government sets out the five principles that need to be met to ensure that the Chief Financial Officer can carry out the role effectively. The principles are that the Chief Financial Officer:

- Is a key member of the leadership team;
- Must be actively involved in all material business decisions;
- Must lead the promotion and delivery of good financial management;
- Must lead and direct a finance function that is resourced to be fit for purpose; and
- Must be professionally qualified and suitably experienced.

The Assistant Director (Finance) is a member of the Council's SMT and is actively involved in the key business decisions of the Council. The post holder oversees the development and work of the financial management function at the Council and is the Council's proper officer for matters of financial administration. The post holder is professionally qualified as a CIPFA Accountant with suitable experience. It is therefore confirmed that the Council is fully compliant with the requirements set out in the CIPFA statement.

The Council's Medium Term Financial Plan (MTFP) covers a five year period. Such an approach to financial planning provides the platform on which the Council can look to deliver public services in accordance with local priorities. Moreover, through horizon-scanning and anticipating necessary change at the earliest opportunity, the Council can plan and react accordingly to not only secure its financial position but to protect services.

The MTFP was updated throughout 2016/17 and periodically reported to Cabinet. The updated MTFP, following the Local Government Settlement, was presented to each Scrutiny Panel by the Leader and to Council as part of the budget setting process for 2016/17. Members have up-to-date financial information about not only the current but also the medium term outlook for decision making purposes.

In their Annual Governance report issued in September 2016, the external auditors issued an unqualified audit opinion on the Authority's financial statements.

The Council has a set of Financial Procedure Rules and Contract Procedure Rules within its Constitution which govern the way in which financial matters are conducted.

The Financial Procedure Rules were updated in year to provide additional clarity across a number of areas including:

- The Funding of the Capital Programme
- Delegated authority for the Chief Executive
- Spending across financial years

Risk Management

Risk Management is embedded in the Council through the Risk Management Strategy. Working with Zurich Municipal, a new Risk Management Strategy and Policy was approved. This strategy replaced the previous document which was produced in 2007. The principles set out within the strategy and policy remained the same but the document was updated to reflect current organisational arrangements and responsibilities. The key change was the development of risk assessment criteria to provide additional guidance to Officers when assessing risk scores.

The Leader is the lead member for risk management. Each risk is assigned a member of SMT as risk owner. SMT is responsible for maintaining the register and monitoring the actions taken to mitigate the strategic risks. The Audit and Risk Committee receives regular reports on risk management, with the ability to refer particular risks to Scrutiny Panels if there is a need to look at them in more detail.

Following revision of the policy, the Council undertook a refresh of the strategic risk register facilitated by Zurich Municipal and the new format register was presented to Audit and Risk Committee in April and then again in July.

The Council also acquired new Risk Management software to help record and update risks on an ongoing basis.

Risk management is an integral part of the Council's decision-making processes. All Council papers include reference to risk to ensure that members and officers understand the impact of decision-making.

The development of a new fraud risk register (in 2014) has continued to help the Council set out a list of potential fraud risks and details of how the Council seeks to mitigate them. This has been reviewed and is now a standing agenda item for the Governance Group and is reported periodically to the Audit and Risk Committee. Following the upgrade of two of the Councils IT systems the register is being revised and will be presented to Audit and Risk in April 2017.

Standards of Conduct

During 2016/17 the Monitoring Officer received 57 complaints of alleged Councillor Misconduct within the County. A large percentage of the complaints continue to be related to Oakham Town Council. In December 2016 an Independent Investigator was commissioned to investigate 4 Oakham Town Council conduct complaints. This work is continuing. No other matters were reported to the Conduct Committee.

Employees are also subject to a Code of Conduct and a number of specific policies (such as Harassment, Discrimination and Bullying) set out in the Corporate Induction Portfolio. All new members of staff receive one to one induction training with their line manager, attend an induction training session and enrol in an e-learning induction programme.

Information Governance

The Council continues to introduce safeguards to ensure the appropriate use of information it holds. The Data Retention and Disposal Policy was approved by Cabinet in February 2016; work is now in progress under the umbrella of the Governance Group, to develop corporate solutions to retention and disposal. A matrix has also been developed to quality assure data sharing agreements.

An overarching Information Governance Framework document is currently being developed, outlining the scope of Information Governance within the Council. The 6 defined areas for review/improvement are:

- Information Governance Management
- Data Quality
- Information Compliance
- Information Security
- Information Sharing
- Records Management

It is anticipated this framework will be in place by Quarter 2 2017/18. The document will be retained by the Governance Group and will contain a work plan outlining the main Governance tasks to be completed in these 6 areas over a 2-3 year period.

Counter-fraud and Whistleblowing

The Council has arrangements in place for receiving allegations of fraud or misconduct through its whistle-blowing policy. The Policy was reviewed, and

subsequently endorsed by Cabinet in February 2016, to incorporate changes in legislation and reporting procedures within the Council. An external reporting mechanism was also included in the new version. Members of staff are made aware of the changes through Policy briefings and internal communication updates. Members of the public are also advised of the changes. No whistle blowing allegations were registered during 2016/17. However, the Council's Director of Public Health (who is employed by Leicestershire County Council - LCC) did receive a whistle blowing allegation relating to a public health contract managed by LCC on behalf of Rutland that is currently being investigated.

The Council continues to make available a fraud reporting mechanism: the Rutland Reporting App was developed for mobile telephone users, who might wish to report concerns via this route. All concerns are directed to the fraud@rutland.gov.uk email account, which is monitored by the Performance and Project Co-ordinator. No reports were made during 2016/17.

The Council's Counter Fraud Strategy forms part of the Constitution. It was last fully reviewed in 2012 and is scheduled for a further full review in 2016. The departure of the Head of Corporate Governance meant that this review has been deferred to early 2017. The review will consider whether any changes are required in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014).

Matches generated by the National Fraud Initiative exercise were progressed during 2016-17 with no issues or concerns.

Developing Effectiveness

The Council has a Performance Development Review (PDR) scheme, which provides an annual discussion between line manager and employee to ensure the employee is clear of their expectations and objectives and receives feedback on their contribution. Learning and development needs are also identified at these meetings. The process was reviewed in 2015 and resulted in the introduction of a streamlined template. No changes have been made in year.

In October 2015, the Council approved a Workforce Development Strategy to provide clear focus on organisation development and continuous improvement. Its aim is also to assist in ensuring we are equipped to provide the best, most cost effective services through a flexible and skilled workforce. Progress against achievement of the priority themes in the strategy are monitored by the Strategic Management Team with key priorities and actions evolving over the lifecycle of the strategy. The strategy includes some indicators of success which include: a higher level of favourable scores in the Staff Survey, reduced level of turnover, clear evidence of staff moving through a career pathway, reduced time to recruit, consistent level of high achievement of performance indicators, a more diverse and representative workforce.

Members are provided with development opportunities through in-house and external training and briefings. There is mandatory training on the Code of Conduct, development control, licensing and appeals. Members are encouraged to express an interest in receiving training on specific topics and are notified of such via regular updates from the Corporate Support Team.

In 2016-17 Members attended training on the following subjects:

- Induction to the Council (for new Councillors elected in 2016/17)
- Planning Training
- Licensing Act Training
- Fraud
- Welfare Reform, Planning, Health and Devolution Briefing
- Media
- Annual Governance Statement
- Audit Planning

Budget provision is made for training and development of members and officers.

Service Delivery

The Council is focused on delivering high quality outcomes at low cost and has always worked in partnership with an eclectic mix of Local Government and Public Sector partners. In 2016 it completed a survey conducted by the Local Government Association showing the different arrangements it has in place.

<u>Service Name</u>	<u>Lead Authority Name</u>
Welland Internal Audit	Rutland County Council
Welland Procurement	Melton Borough Council
Legal Services	Peterborough City Council
Out of Hours Emergencies	Harborough District Council
Fraud Support	Leicester City Council
Public Protection	Peterborough City Council
Emergency Planning	Leicestershire County Council
Local Safeguarding Children Board	Leicestershire County Council
Adoption Services	Leicestershire County Council
Public Health	Leicestershire County Council (with shared Director)

Two new examples in year include:

- Delegation of the provision of a financial management system to Herefordshire Council (HC) – the Council upgraded its existing financial management system in 2016/17. HC are now responsible for providing and maintaining the system under a delegation agreement. This arrangement gives the Council greater resilience at lower cost.
- Delegation of internal audit services to LGSS – the Council was the host for the Welland Internal Audit partnership but difficulties in staff recruitment and a lack of resilience caused delivery difficulties. Cabinet approved the delegation of the service to LGSS from 1 April 2017.

The Council's governance approach to partnerships, working with others varies according to the legal basis of arrangements. All delegated services are covered by formal delegation agreements. Partnerships/shared services are covered by Service Level agreements. All arrangements have a Rutland Lead Officer and all documents cover scope of services, performance expected, reporting and termination clauses.

The Council is working towards a central list of partnerships arrangements. This will contain a register for all key documents for each individual agreement.

Community Engagement, Partnership working and reporting

Rutland Together

The Council engages with the local community in different ways. Rutland Together is the Local Strategic Partnership (LSP) for Rutland. The Partnership was established to bring together all of those people and bodies whose work impacts on the lives of local people.

Below is the membership of the Local Strategic Partnership:

Helen Briggs	Chief Executive, RCC
Cllr Tony Mathias	Leader, RCC
Cllr Alan Walters	Chair of Sustainable Theme Group + Chair of Safer Rutland Partnership
Cllr Oliver Hemsley	Chair of Infrastructure Theme Group
Cllr Richard Clifton	Chair of Health & Wellbeing Board
Cllr Richard Foster	Chair, Children's Trust Board
Dr Tim O'Neill	Deputy Chief Executive, RCC
Cllr Michael Haley	Mayor of Oakham
TBC	Mayor of Uppingham
Dr A Ker	GP Representative
Tim Sacks	Chief Executive, East Leicestershire & Rutland CCG
Insp Gavin Drummond	Leicestershire Constabulary
CFO Steve Lunn	Leicestershire Fire & Rescue
Neil Thomas	Governor, HMP Stocken
Lindsay Henshaw-Dann	Chief Executive, Voluntary Action Rutland
Simon Mutsaers	Chief Executive, Citizens Advice Bureau
Lt Col Bruce Weston	Armed Forces Representative
Lt Col Richard Chesterfield	Armed Forces Representative

The Partnership has gone through radical changes since its beginning; this is due to political changes over the years which have affected the partnerships direction of travel. Rutland Together is made up of over 50 partners from the public, private and voluntary sectors. Rutland Together allows different organisations in the community to support each other and work together on different initiatives and services to address local issues.

The following is a list of initiatives that have been created in 2016/17:

- Contribution to a review of the RCC Corporate Plan

- Input into support for changes within our Armed Forces Community
- Briefings on the LLR STP and Better care Together initiatives
- Updates on Public Health & Health and Social care
- Restructure of the Local Strategic Partnership
- Significant work undertaken within LSP Theme Groups

Working with Health

In December 2015, the NHS outlined a new approach to help ensure that health and care services are built around the needs of local populations. Every health and care system (of which LLR is one) was asked to produce a multi-year Sustainability and Transformation Plan (STP), showing how local services will evolve and become sustainable over the next five years. As primary, secondary and social care are all under demand pressure this is an important plan.

The LLR STP has been submitted and has been discussed at the Health and Wellbeing Board. Consultation will take place in 2017.

The approach being taken is a 'place based budget' one (single system control total) that looks across organisations at the 'LLR pound' and which focuses on new ways of working and models of care that manage demand and are more efficient. There are 5 big issues being tackled including:

- Urgent & emergency care
- Integrated teams
- General practice resilience
- Service reconfiguration
- Operational efficiency

The Council is already working across LLR on joint commissioning opportunities and in some areas has joint teams. There is a strong likelihood that further integration is likely as "health and social care must have a plan" for integration by 2017, to be implemented by 2020.

<http://www.bettercareleicester.nhs.uk/EasysiteWeb/getresource.axd?AssetID=32078>

During 2016/17 the Rutland Better Care Fund continues to progress well, with the programme on track against most key metrics, including meeting its pay for performance target relating to reducing emergency admissions across the year.

Some of our recent successes working together with local NHS providers include:

- 91% of people receiving reablement care after a hospital stay still living at home three months after being discharged
- 19% reduction in injuries from falls among people aged 65 and over
- 13 people over the age of 65 admitted to a permanent residential or nursing home – down from 46 the previous year
- Average number of hospital beds taken up by Rutland patients due to delays discharging patients into social care down by 82%
- Emergency hospital admissions of Rutland patients down 6% from 2014/15

Going forward, the focus will be on unified prevention and using case management approaches to support long term condition management, intervening at an earlier stage to reduce demand on acute hospital services. The Budget also includes investment set aside to deliver a ‘home first’ model in which more services are delivered at home or in community settings, with a concomitant decrease in the reliance on hospital wards as the setting for care. For example, post-hospital reablement and rehabilitation would increasingly be undertaken at home or in a community setting, with the benefit that patients return sooner to their own routines, aiding recovery. In turn, people at the end of their lives would be cared for at home where this was their preference. This would enable the home first model to be fully trialled in Rutland and fine-tuned in a locality of 37,000 people in advance of wider implementation of the STP.

Other Engagement

The Council undertakes public engagement and consultation on a range of matters. In 2016/17 this included:

- Post-16 Transport
- Community Governance Review, Barleythorpe and Oakham North West
- 2016/17 Annual Budget Consultation
- Local Plan Review
- Homecare Services Consultation
- Langham Neighbourhood Plan
- Corporate Plan 2016-2020
- School Transport (mainstream and SEND)
- Market Overton Neighbourhood Plan
- Social Care Charging
- Prevention and Wellness Services
- Childcare Sufficiency

Reporting

All formal meetings are held in public, and the reports and minutes of those meetings are published in accordance with the principles of openness and transparency, unless there are legal reasons for confidentiality. There are opportunities for

members of the public to make deputations to, or ask questions at, meetings of the Council, Committees and Scrutiny Panels.

The Council publishes information relating to all of its expenditure on its website and also complies fully with the Local Government Transparency Code 2015 which sets out the minimum data that local authorities should be publishing and the frequency it should be published and how it should be published. The information published can be found here.

<https://www.rutland.gov.uk/my-council/transparency/>

4. Review of Effectiveness

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

Internal and Management Assurance

Internal Audit

The responsibility for maintaining an effective Internal Audit function is set out in Regulation 6 of the Accounts and Audit (England) Regulations 2011. This responsibility is delegated to the Assistant Director (Finance). The Internal Audit service operates in accordance with best practice professional standards and guidelines. The service independently and objectively reviews, on a continuous basis, the extent to which the internal control environment supports and promotes the achievement of the Council's objectives, and contributes to the proper, economic, efficient and effective use of resources.

The Internal Audit service continues to be provided by the Welland Internal Audit Consortium in partnership with LGSS. **The Head of Internal Audit opinion is shown below:**

"It is my opinion that Sufficient Assurance can be given over the adequacy and effectiveness of the Council's control environment for 2016/17. This control environment comprises of the system of internal control, governance arrangements and risk management. The level of assurance remains at a consistent level from 2015/16.

Controls relating to the key financial systems which were reviewed during the year were concluded to be generally operating effectively, with an opinion of at least Sufficient Assurance for adequacy and compliance with the key controls.

During the year, two reports have been issued with a lower than Sufficient Assurance opinion. Areas of weakness were identified during these audits and a number of high priority actions were agreed for prompt implementation. Internal Audit is supporting ongoing work and follow ups to ensure suitable action is taken.

Progress made by management in implementing the actions arising from 2016/17 audit reports has been reasonable, with 85% of those actions due for implementation being completed during the year.

Internal Audit has not been made aware of any further governance, risk or internal control issues which would reduce the above opinion.

No systems of controls can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance.”

Scrutiny

During 2016/17 the Scrutiny Panels have considered a number of issues of particular concern to assess whether there are robust governance arrangements in place as far as the Council's own services are concerned.

Areas **considered** include:

- Performance and Financial Management
- Review of Legal Services
- Corporate Plan
- Childcare Sufficiency Assessment
- Compliments, Comments & Complaints: Annual Report
- Safeguarding In Schools
- Housing and Homelessness Strategy 2017/22
- Adoption Annual Report
- Highway Inspection Policy
- Social Value Policy
- Home to School Transport Policy
- Annual Report of the Fostering Service
- Annual Report for the Independent Reviewing Service
- Rutland Adult Learning and Skills Service (RALSS) Performance Report

The Scrutiny Commission continues to provide a platform for Chairs of each Panel to meet and share best practice.

In August 2016 the Scrutiny Commission agreed to undertake a review of Poverty in Rutland. The project objectives were to develop an agreed definition of Poverty in

Rutland and develop a Council policy in the form of a White Paper to be approved by Full Council that would outline for Rutland how the Council will act to positively impact on poverty within the County. Work on this project began with an All Member Workshop (held in September 2016) followed by each Scrutiny Panel focusing on specific identified issues through examination of reports provided by RCC and External Organisations and expert witness evidence at Panel Meetings through November 2016 to February 2017. A Green Paper on the Poverty Review was drafted in March 2017 and went out to consultation in April 2017. Work on the project will continue into 2017/18 culminating in a White Paper scheduled to be presented to Council in June 2017.

Audit and Risk Committee

CIPFA best practice on Audit & Risk Committees recommends two key actions: a) Committees undertake an annual review of their effectiveness; and b) Committees produce an annual report on their activity.

The Committee completed a self-assessment review in July 2016 and found itself to be broadly compliant with the majority of best practice criteria. The Committee agreed some actions including:

- Asking Directors to present to the Committee on any area rated by internal audit as 'limited'
- Dedicating 30 minutes of every other meeting to training
- Asking the Constitutional Review Working Group to review its terms of reference

The Committee also produced an annual report which was presented to Council in September.

Joint Safety Committee

The Joint Safety Committee (JSC) is the Council's prime forum for the consultation of occupational health and safety issues between the Council, Executive Officers, Managers and the recognised Trade Unions.

The Committee considers incidents and policies regarding employee health and safety. It also oversees action taken by the Council to promote a health and safety culture.

Complaints

We are achieving good results in our complaint response times. Some improvements are still necessary and we are working to address this by increasing our reminder prompts to officers tasked with dealing with the complaints. The results show that 89% of stage 1 complaints (76% last year) and 92% of stage 2 complaints (70% last year) are answered within the deadlines set within the complaints policies. An annual report on complaints will be taken to Resources Scrutiny Panel in due course.

Financial performance

Quarterly reports on Financial management are presented to Cabinet. **In terms of the budget, the Council had an over spend of £444k in 2016/17 but still achieved an overall surplus of £331k. The full report was presented to Cabinet in June.**

In August 2016, the Council approved an Efficiency Plan. The Efficiency Plan set out the Council's approach to delivering better value for money. Analysis undertaken for the plan, refreshed as part of 17/18 budget setting, showed that the Council is in the lowest quartile for spending per head.

<http://rutlandcounty.moderngov.co.uk/documents/s6870/Report%20No.%20151-2016%20Efficiency%20Plan.pdf>

Alongside quarterly reporting, the Council undertakes an ongoing review of finances in the lead up to budget setting to assess where savings and efficiencies can be made. The Places Directorate undertook a review of all services in 16/17 mirroring an exercise undertaken by the People Directorate in 2015. In 16/17 the Council identified £807k of new savings to be included in the 17/18 budget.

Corporate performance

Quarterly reports on Performance Management are also presented to Cabinet. **The Council's overall performance shows 85% of indicators were on or above target at the end of 2016/17, with 70% either unchanged or improving compared to the same point in 2015/16.**

Following the publication of the Council's new Corporate Plan the contents of the Corporate Performance Report are being reviewed to ensure that the report can be used to monitor performance in completion of all the objectives contained within the Corporate Plan. A summary of the changes will be reported to Cabinet in Quarter 1, 2017/18.

Information Governance

The Information Governance (IG) Toolkit is a NHS online system which allows organisations to assess themselves against Information Governance policies and standards. Requirements cover:

- Management structures and responsibilities (e.g. assigning responsibility for carrying out the IG assessment, providing staff training etc)
- Confidentiality and data protection
- Information security.

The Council has assessed how it compares to the IG toolkit standards and found it is compliant. We are currently reviewing and updating the information and evidence provided to maintain compliance with version 14.

Project Management

In 2016, the Council delivered two key IT projects – implementation of a new Adult Social Care system and an upgrade to its Resource Management Systems (Agresso). Both projects were successfully delivered on time and to budget.

Building on the lessons from the delivery of these two key projects, the new Corporate Projects Manager has developed a new project management framework which includes the role of the Project Management Office, a scalable Project Management methodology and Project Management training. All project progress is also being monitored through SMT to understand progress and to overcome any potential issues/risks before they become problematic.

Data Incidents

Between April 2016 and March 2017 11 reports of potential data breaches were made. This is 50% less than 2015/16. All were investigated to satisfactory conclusion with no outstanding risks identified. One incident was referred to the Information Commissioner's Office with no regulatory action required.

The Governance Team continue to raise awareness of data management and best practice and it is now mandatory for temporary staff to undertake data protection training before they are allowed access to the Council's IT system. In addition, a report, outlining all incidents registered under the data incident policy, will be considered by SMT.

Business Continuity

Specific recovery plans are in place for the five key threats listed below.

- loss of key staff (skills/knowledge);
- loss of telephone system;
- loss of buildings;
- loss of ICT; and
- loss of utilities.

The business continuity plans also consider the loss of key suppliers across areas, the impact on services and how quickly service provision can be restored through alternative arrangements.

Current controls include the following:

- A Business Impact Assessment (BIA) has been carried out to determine which services are critical, how quickly they must be restored and the minimum resources required.
- A Major Incident Plan has been prepared which defines a structure to confirm the nature and extent of any incident, take control of the situation, contain the incident and communicate with stakeholders.

- Business Continuity documents have been uploaded to a secure website (Resilience Direct) to ensure they can be accessed from any site in the event of an incident
- Contract Procedure Rules include the requirement for contract managers to consider the impact of contractor failure and mitigate the risks appropriately

Exercises are carried out annually with senior managers to test business continuity arrangements. The recovery plans are reviewed and updated to take account of the issues identified during the exercises. The last exercise was carried out in April 2016 and the next is planned for June 2017.

Management Assurance

Managers have all completed an assurance statement highlighting whether there may be controls issues in their areas. As expected, there are areas where improvements are required as identified through audit reports or other work. None of the issues raised are considered to be Significant Control issues.

External Audit, Inspections and Reviews

External Audit

The Audit and Risk Committee has received and formally debated the Annual Audit Letter and External Audit Annual Plan. KPMG in their Annual Governance Report for 2015/16 gave the Council an unqualified conclusion on the Statement of Accounts and Value for Money opinion. No concerns were reported regarding the Council's arrangements for securing financial resilience.

National Development Team for Inclusion (NDTi) review of commissioning of services for children and young people with learning disabilities

The review concluded that the Council has much strength, including some excellent good practice, a clear values base and outcomes-focused commissioning. The strong focus on Preparing For Adulthood (PFA) was particularly noticeable. The early intervention and prevention services were also assessed as very good. It was noted that geography was a drawback in level of health input, which becomes more problematic as children get older

Care Quality Commission inspection of Reach and Community Support Services

In November 2016 the Councils Reach team and Community Support Services (Brightways) were inspected by the Care Quality Commission (CQC) both achieving a rating of 'Good'.

The standards that the CQC assess include:

- Person-centred Care
- Dignity and respect
- Consent
- Safeguarding from abuse
- Premises and equipment

- Complaints

A copy of the final report can now be read in full on the CQC website:

<http://www.cqc.org.uk/provider/1-101662540/services>

Peer Challenge Reviews – Adult Social Care Services

In March 2017 the Councils Adult Social Care Services were subject to an external Peer Review. The review concentrated on personalisation and quality. Feedback from this review was very positive and highlighted the following strengths:

- There is an excellent offer to the people of Rutland and outcomes are good
- The positive journey towards greater personalisation was evidenced in case examples, case audit and the values of the members of the workforce
- The whole council approach around support into employment was commended.
- The focus on non-eligible citizens (prevention) and the developing approach to working with those people who have been institutionalised historically was particularly noted

The key area for consideration related to the need to keep the Council's service offer under review in the context of anticipated demand and the pressure on resources.

Ofsted - Children's Social Care services

Rutland's children's services were inspected by Ofsted from 15th November to 8th December 2016. **In a final report published on 13th February 2017, Ofsted gave the Council a 'Needs Improvement' rating.** The report highlighted a huge amount of good work being done by our staff on behalf of children in Rutland and provided us with an indication of where improvements are required in order for children's services in Rutland to be rated as 'Good'.

A copy of the final report can now be read in full on the Ofsted website:

<https://reports.ofsted.gov.uk/local-authorities/rutland>

While the Council is making significant progress, there are a number of areas where improvement is needed before our children's services can be rated as 'Good'. In many cases we are already working hard to address the points that have been raised and are determined to achieve the best possible outcomes for children in Rutland.

Ofsted's inspection of Rutland's children's services identified the following strengths including:

- Services for children who leave care in Rutland are good
- Staff act quickly to keep children safe when people tell them that they are worried about a child
- When children and families have emerging problems, Rutland's early help services provide a wide range of responsive interventions, preventing some

families from needing more formal, statutory involvement with children's social care

- The early help service uses positive ways of working with families to intervene and support children effectively
- Social workers know about children's lives and families get the right help and support when they are having difficulties
- Social workers, teachers, police officers, foster carers and others work well together to keep children safe if they are at risk of sexual exploitation
- The right decisions are made by social workers when children cannot live at home
- When children can no longer live at home, social workers work hard to find the right families
- Social workers and other professionals work well together to look at plans to help improve children's lives
- Staff keep in touch and support care leavers to live independently, stay in education or find a job. They also help them to keep healthy and find somewhere to live where they feel safe

Ofsted has also produced a series of recommendations which we are working to implement, including:

- Ensure senior leaders have access to comprehensive, high quality performance management information in order to understand frontline practice
- Ensure assessments and plans actively consider all risks to children, including emerging and new risks as circumstances for children change
- Improve the quality of assessments and plans across the service by ensuring that they are informed by children's wishes and feelings
- Increase the effectiveness of management oversight across the service, ensuring that the rationale for decisions and actions set is clear
- Improve the effectiveness of out of hour's services by recording all contacts received and by recording events on children's files

The Council has already taken some positive steps and this work continues.

The inspection of Rutland's Children's Services coincided with a review that looked at the effectiveness of the Leicestershire and Rutland Local Safeguarding Children Board (LRLSCB), which has subsequently been rated as 'Good'. We are extremely proud of the work we do in partnership with the LSCB to keep children safe and are pleased that the board has received this recognition from Ofsted: [lrsb.org.uk](https://www.lrsb.org.uk)

Public Services Network compliance

The Council must demonstrate compliance with the Public Services Network (PSN) on an annual basis. The PSN is an information assurance mechanism to support the connection of the Council's network to other PSN accredited networks, without increasing or substantially changing the risks to the already accredited network. The Council undertakes an IT Security Health-Check annually (carried out by an accredited third party) to identify any compliance issues. Once these have been

addressed, the Council completes a PSN renewal submission. **The Council is now fully compliant until April 2018.**

Local Government Ombudsman (LGO)

The Ombudsman’s report for the year ending 31 March 2016 showed that 10 complaints (compared to 14 in 2014/15) had been made during the year, with no complaints being upheld by the Local Government Ombudsman.

Decisions Made:

Upheld	Not Upheld	Advice Given	Closed After Initial Enquiry	Incomplete Or Invalid	Referred Back For Local Resolution	Total
0	1	0	6	1	2	10

Summary

This statement has been considered by the Audit and Risk Committee, who were satisfied that it is an accurate reflection of the governance framework and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. There has been one significant governance issue arising. Whilst action has been taken to address this issue, full disclosure of the issue, impact and Council’s response is given below.

5. Significant Governance Issues

There are no significant issues to report.

6. Certification

As Leader and Chief Executive, we have been advised on the implications of the results of the review of effectiveness of the Council's governance framework, by the Audit Committee and Cabinet.

Our overall assessment is that the Annual Governance Statement is a balanced reflection of the governance environment and that an adequate framework exists within Rutland County Council to ensure effective internal control is maintained. We are also satisfied that there are appropriate plans in place to address any significant governance issues and in particular that changes made to planning procedures should minimise the risk of a similar problem reoccurring.

Signed: _____

Helen Briggs, Chief Executive

Date: _____

Signed: _____

Tony Mathias, Leader of the Council

Date:: _____