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Annual Governance Statement 2015/16

1.0   WHY WE HAVE THIS DOCUMENT

1.1   The Council is required to publish an Annual Governance Statement (AGS), with its Statement of Accounts. This outlines how the authority has monitored and evaluated the effectiveness of our governance arrangements in the year, and any planned changes in the coming period.

2.0   WHAT GOVERNANCE IS LIKE IN THE COUNCIL (THE SCOPE)

2.1   We are responsible for ensuring that the Council's business is conducted in accordance with the law and proper standards, and that public money is safeguarded, 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 in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, we are responsible for putting in place proper arrangements for the governance of the Council's affairs, facilitating the effective exercise of its functions, and which include arrangements for the management of risk.

3.0   THE PURPOSE OF OUR GOVERNANCE FRAMEWORK

3.1   The governance framework comprises the systems and processes, and culture and values, by which we are directed and controlled, and the activities through which we are accountable to, engage with and lead our communities.   This enables us to monitor the achievement of the Council's priorities in the Corporate Plan and other key strategies to improve service delivery and to test and consider that these continue to provide value for money.

3.2   Our governance framework has been in place for the year ended 31 March 2016 and up to the date of approval of the statement of accounts.

4.0   OUR GOVERNANCE FRAMEWORK

Political Leadership

4.1   Councillors make decisions that set the policy direction of the Council are elected by residents of the Borough for a four year term to represent them in taking decisions about services and funding. Reading is divided into 16 wards and 46 members are elected to represent them, with one third of councillors (who normally have a political party affiliation) being elected in three of every four years.

4.2   Normally, the political party that has the largest number of councillors forms an Administration and therefore has a greater influence on key decisions within the Council. The Council appoints a Leader of the Council, Deputy Leader of the Council, lead councillors and chairs of the committees and Mayor at the Annual General Meeting. There are nine lead councillors who have particular responsibilities or 'portfolios' such as Health, Housing and Adult Social Care.

4.3   The Council and the Committees shape what services are delivered and how Reading develops and grows sustainably. The Council is responsible for approving the priorities for the Council each year through the Corporate Plan supported by the resources in the Council's Budget and Financial Plan. The Council and Committees also develops policies, makes constitutional decisions and decides on local legislation.

Our Approach

4.4   The Council has developed a set of guiding values to help decision making and agree priorities:

- **Fair**
  - tackling inequality and promoting residents' rights
  - ensuring residents are part of decision making
  - ensuring our staff have enough support

- **Caring**
  - putting residents at the heart of what we do
  - working with residents to look after each other

- **Enterprising**
  - unlocking the power of our communities
  - acting now to create a better future

4.5   For 2015/16 onwards we adopted 6 service priorities to focus our efforts to help narrow the gaps within Reading:

1   **Safeguarding and protecting those that are most vulnerable**

2   **Providing the best life through education, early help and healthy living**

3   **Providing homes for those in most need**

4   **Keeping the town clean, safe, green and active**

5   **Providing infrastructure to support the economy**

6   **Remaining financially sustainable to deliver these service priorities**

4.6   To deliver these priorities within the Corporate Plan there is a continued focus on the Council's contribution to narrowing what the gaps are within Reading. We have ensured that the funding and other resources we have available, such as our property and our people, are aligned to these priorities for the coming year.

Good decision-making

4.7   Councillors sit on a variety of committees, which oversee and guide the organisation's different functions. These are mostly open to the public. There are four cross-party committees whose membership is proportionate to the representation of each political party on the Council.

These committees are:

- Policy Committee;
- Adults, Children's and Education Committee;
- Housing , Neighbourhoods and Leisure Committee; and
- Strategic Environment, Planning and Transport Committee (SEPT).

4.8 In the committee arrangement the four standing committees also carry out overview and scrutiny exercises. All the committees set goals and guidelines for the operation of services.

4.9 There are also committees for:

- Audit & Governance
- Licensing
- Planning and
- Personnel

4.10 Traffic Management Sub-Committee considers relevant issues on behalf of the SEPT committee. The regulatory committees – Licensing Applications and Planning Applications – together with the Audit and Governance, Personnel, and Standards Committees have continued as committees of full Council. In addition, a Health and Wellbeing Board has been set up as a committee of full Council. The Heights Free School sub-committee has also been established to exercise delegated powers in respect of any proposal that may be made by the Education Funding Agency (EFA) as its preferred site for The Heights free school on land owned by the Council in West Caversham.

Constitution

4.11 Our Constitution sets out the roles of, and relationships between the Council, the committees involved in making our policies and officers. The Constitution also sets out the responsibility of each group or individual for making particular types of decisions or for director decisions relating to particular responsibilities. Under the Constitution, all decisions that we make or that are made on our behalf must be made in line with the principles and frameworks set out in the Constitution.

4.12 The Constitution also sets out how members of the public can get involved in the decisions we make (under the 'Access to Information Rules'). We have a legal responsibility to carry out consultations before we make certain decisions.

Day-to-day operations

4.13 The day-to-day work is carried out by officers within the Council. Their direction comes from Council and the Committees. Officers are employees of the Council and are non-political and ensure that the work is carried out as decided by Council and the Committees.

4.14   Some officers have statutory duties that they must uphold. Our Managing Director is 'Head of Paid Service' and is responsible for the organisation's efficient management. The role also involves giving Members strategic advice on policy-related issues, drawing on the experience and expertise of the organisation as a whole. All officers must provide objective, comprehensive and impartial advice to councillors so that they can rely upon this to make decisions.

4.15   The remaining statutory roles of Monitoring Officer, Chief Financial Officer, (statutory) Director of Adult (Care and Health) Services & (statutory) Director of Children's, (Education and Early Help) Services are fulfilled by relevant members of the Corporate Management Team. The role of Director of Public Health is fulfilled by one person for all authorities in Berkshire who is employed by Bracknell Forest BC.

4.16   Through our recruitment and learning and development we ensure that officers have the right skills and experience to ensure that governance is strong and they understand the requirement of legislation and how this needs to be considered when making recommendation to councillors and when delivering services.

5.   HOW WE COMMUNICATE WITH AND INVOLVE STAKEHOLDERS

5.1   We welcome views from the residents and businesses as part of the constitutional process. Communication and consultation is important to us. It is vital we keep people informed of the work we do, the proposals we put forward that may affect them, and the decisions we make. These views are considered through formal and informal consultation processes, attendance at local meetings (e.g. community meetings) or contact with local ward councillors. Trades unions are consulted on issues that affect staff.

5.2   During the last year we have continued to work hard to communicate (and receive feedback on) our aims for the community. During the 2015/16 financial year, we:

- Carried out major consultations on both a possible location for a new primary school in the north of the Borough, on behalf of the Education Funding Agency

- Consulted on a major package of budget proposals. Budget-related communications and consultations will continue to be a priority over the next three years as we work to identify nearly £39 million worth of savings.

- Continued to communicate effectively with people so they understand the reasons why the Council needs to make these savings. We have been and will continue to provide opportunities for Reading people to get involved in the decision-making process so their views play a major part in helping to set spending priorities

- Devoted our annual community event to identifying priorities and actions that we, our partners and residents can take to together to address the issues that concern everyone: 'Tackling Poverty', 'Narrowing the Gap' and 'The Housing Crisis - Reading's Response: A Call to Action' have been the most recent themes. The outcomes of those events are reflected in the Corporate Plan 2016-19: Building a Better Reading.

- Have made significant developments to our website which mean customers can now register for an account and track enquiries with the Council at a time that is convenient to them

5.3   We get regular and detailed information on what people think about the quality of each of our services and we use this feedback to improve services.

6.0   KEY STRATEGY DOCUMENTS

6.1   We continue to review and update the **Constitution** as necessary and have updated the Scheme of Delegation, Financial Procedure Rules and operational and financial delegations to reflect the changes following restructuring of services within the Council. Moving forward a programme of work continues to keep operational and financial delegations and procedures which underpin the Council's constitution up to date. The driver for this review is to have shorter and clearer policies for staff as far as is practical.

6.2   The Council's **Corporate Plan** provides the link between our strategic priorities and the way in which the Council operates. The Corporate Plan and the Council's budget to support the delivery of the Council's service priorities for 2016-2019 were approved by full Council in February 2016. The priorities within the Corporate Plan form the basis of our spending plans over the next three years with an on-going need to reduce our budget further. Therefore, this plan and the budget will continue to be updated every year to take account of changes.

6.3   The overall budget and policy framework is set by the Council and all decisions are made within this framework. The medium term financial plan is incorporated as part of the Corporate Plan.

7.0   KEY GOVERNANCE CHALLENGES

7.1   *Safe budget for (2016/17)* - Due to the significant alteration to the way government funding to local authorities changed without prior warning just before Christmas 2015, the Council had an unexpected budget gap of more than £5m. To bridge that immediate gap we used some one-off funding measures to set a budget and will be returning to agree longer term measures during the 2016/17 financial year.

7.2   The use of one-off measures to set the budget for 2016/17 has provided us with some limited time to consult on and deliver the further compensatory savings that are needed to enable us to set safe budgets in future years. These savings will form part of the 4 year Financial Sustainability Plan that the Government has now asked councils to prepare by October 2016, in order to provide some certainty over future Revenue Support Grant (RSG) settlements.

7.3   The Council will have to continue to change the way it operates to deal with reductions in funding as we protect as many vital services as we can with the focus on narrowing the gaps within Reading. The Corporate Plan and the Budget provides an important framework for us to do this. Because of the amount of money we will have to save, through the course of 2016, councillors will be presented with further options and proposals to reduce spending and to focus on what services we can continue to deliver with our remaining budget.

7.4   *Workforce Challenges* - Some services within the Council have experienced high staff turnover over the last year, and at times an over reliance on temporary agency staff. On occasions this has meant it has been more difficult to maintain continuity of service. This is a particular issue within social care services, especially within Children's services some teams have up to 80% agency staff. To address this we have both launched initiatives for staff to retrain and develop to work in areas where we know recruitment can be challenging and embarked on a major recruitment drive to ensure we have stable team of (mainly) employed staff in key services where staff continuity is vital to good service delivery.

7.5   *News of working and digitisation* - The objective of the New Ways of Working and Digitisation Programme is to redesign the front to back delivery of services to achieve the minimum time and cost between a customer and the service being delivered. This is attained by redesigning processes, organisational patterns and using modern technology to enable transformation of the service. The Council is preparing a new ICT strategy in 2016 which will underpin this programme by setting out the plans for a technical infrastructure to digitise service delivery.

7.6   *Information Governance* - The way in which we utilise, manage, retain, share and dispose of our information are the core components of robust information governance. We are aware of our responsibilities and have engaged with the ICO data governance guidance in a positive way, recognising that it takes time and resources to react to the changing requirements. We strive to address and minimise the level of risk within the authority, against the backdrop of the constantly evolving regulatory environment in which information governance requirements are set, but that's not to say there isn't room for improvement.

We also recognise the importance in maintaining compliance with the Payment Card Industry Data Security Standard (PCI DSS), which is vital to the long-term success of all merchants who process card payments. This includes continual identification of threats and vulnerabilities that could potentially impact the Council and its services.

7.7   *Key financial and information systems* - With continuing budget savings to find, having a better understanding and control over the shape and make up of our staffing establishment (the total number of roles/ jobs in the Council) is essential. In order to support the Corporate Management Team (CMT), a complete staffing establishment for the Council has been created. Officers have developed robust processes and controls around recruiting to vacancies and in special circumstances over establishment ensuring Budget Holders are accountable for managing their staffing complement including agency staff.

We have upgraded our financial system to a cloud based solution and some new financial processes have been developed. We also made changes to our procedures including tightening up the purchase order process to ensure orders are raised in a timely fashion.

During the past year the Accounts Payable Team responsible for processing payments has experienced a backlog. There were multiple causes for this, including the changed financial system, staff sickness and issues associated with insufficiently robustly embedded processes that worked efficiently. The Council initially increased staffing levels temporarily to make sure payments were made on time, and is now in the process of updating processes to ensure they work effectively and efficiently, and help deliver some of the savings that were anticipated from the upgraded financial system.

MoSAIC is the Council's Social Care System. It has also been upgraded during 2015/16 from a predecessor systems (framework-i) supplied by the same supplier. Whilst the upgrade has generally improved the information available, we have identified that considerable more work needs to be done to benefit fully from the investment and there will be an on-going project throughout 2016/17 to further develop the system, particular in relation to Children's Services, where at an earlier stage some decisions had been made to limit the use of the system. The Council has identified a new cross directorate officer project board chaired by the Director of Children, Education & Early Help to ensure this work proceeds effectively.

7.8   *Transformation programmes* - A number of priority programmes are in place to transform services to meet service needs and reduce costs. Within Children's Education and Early Help Services work has been commissioned to, complete research and analysis in the following areas of change:

- Refreshing partnerships with schools and other key partners

- Enhancing early help, prevention and early intervention

- Reviewing SEN and disability services

- Managing demand for Children's Social Care services

This will enable the council to design and implement a programme of change. This work complements work-streams currently in train within the directorate to improve the quality of services and deliver savings.

The Children's Services Improvement Plan will continue to be monitored and reported alongside this project to DCEEH Transformation Board

Within Directorate of Adult Care and Health Services an ambitious three-year transformation programme is underway to:

- Deliver a new model of care delivery for the Directorate and associated services in Reading.

- Adopt service approaches that maximise independence and self-care and prioritise preventative activity as opposed to the present emphasis on reactive crisis response.

- Through delivering the necessary efficiencies, deliver a model of care that will help to ensure that the service remains safe, viable, deliverable within decreasing budgets, and fulfils the statutory functions of Reading Borough Council.

The programme will deliver transformation, improve the quality of service and deliver efficiencies. A robust governance structure is in place, reporting into the Adult Social Care Transformation Programme Board, to ensure delivery of the transformation programme, and projects within it.

7.9   *Better Care Fund* - In Reading, we have a history of pooling health and social care budgets to deliver improved outcomes, and have developed governance arrangements appropriate for integrated care. These have been refreshed to establish joint governance arrangements covering both our Better Care Fund and Care Act implementation programmes.

The primary accountable board for the Better Care Fund schemes across Reading is the Reading Integration Board. This is chaired jointly by the Head of Adult Social Care at Reading Borough Council and the Operations Directors for the Berkshire West Clinical Commissioning Groups.

Reading's Health and Wellbeing Board has strategic oversight of our plans to develop more integrated services within the Borough.

For projects that span all three unitary authorities in Berkshire West (Wokingham Borough Council and West Berkshire Council as well as Reading Borough Council), accountability is held with the Berkshire West Integration Board, with the Berkshire West 10 Delivery Group acting as the programme board on their behalf.

As many of our Better Care Fund schemes span all three unitary authorities and all four CCGs across Berkshire West, as well as local projects specific to particular unitary authority areas, we have established robust governance structures for working across the sub-region. The Reading Locality Board is the Reading Integration Board.

7.10 *Procurement & Commissioning* - The procurement work programme is monitored through the Procurement Governance Board which is chaired by the Director of Adult Care and Health Services and is also reported through the Senior Leadership Group performance monitoring process. The regular highlight reports identify the status of procurement exercises:

- In progress
- Overdue for initiation – usually where existing contract terms have expired and the contract is held over pending a fresh procurement
- Due to be started in the coming 6/12 months to give early warning of potential resource bottlenecks and co dependencies with other priorities.

Each separate contract is assessed for risk. Procurements in progress will in future also have the targeted/anticipate contribution to budget savings recorded. PGB also reviews the approved plans for each high value procurement to quality assure the approach and business case for each project
We have refreshed our procurement and contract guidance

7.11 *Social Care Resource Panels* - One of the key financial control issues impacting the Council's budget over the long term is ensuring that only appropriate commitments are entered into, particularly for social care services, as these commitments can last many years and in some cases (particularly in Children's Services) be individually very costly. To improve governance of this, both DCEEH and DACHS have established resource /solutions panels that incorporate senior professionals and other key staff (including finance staff) to consider and agree (including the timing of reviews) what the Council should commit to.

8.0 MONITORING AND MANAGING SERVICES

8.1 We continue to monitor and manage our service delivery as part of good governance within the Council, and during 2015/16 we:

- Introduced a new corporate performance monitoring and reporting programme was introduced which has improved and strengthened our overall approach to performance to further promote the performance culture;

- Further developed compliance with information security standards;

- Ensured the Audit and Governance Committee undertook it's responsibility for monitoring the effective development and operation of corporate governance in the council;

- Kept safeguarding practices and performance under continuous review at all levels and that escalation processes are in place;

- Responded to external audit and challenge as well as internal themed audits and performance is regularly reported to the Corporate Management Team;

- Peer Review of the Health and Wellbeing board to reflect upon our practices;

- Analysis of complaints raised under the Council's Corporate Complaints Policy are regularly reported and considered by CMT along with learning from complaints

- During 2015 the Council's Policy Committee approved a new Corporate Asset Management Plan (CAMP) which identified work streams to deliver capital receipts and rationalised and more cost-effective property portfolio.

- Continued to monitor following corporate and service reviews improvement plans for Finance and Children's Services

- Launched the "Reading Offer" to make sure our staff terms and conditions, development opportunities are equitable and comprehensive, and can ensure that we can recruit and retain staff in our present operating context

- Implemented a programme of learning and development to officers and members. Senior officers are keep abreast of developments in their profession;

- Continued to develop our training needs analysis to assess any potential skills shortages, single points of reliance and also staff that could be deployed in other areas of the organisation if required. The prioritised training needs analysis will inform what training and support is available to all staff but also particularly those whose roles have changed or are going to change to minimise potential risks. There will be an emphasis on shared learning to be managed within existing resources;

- Work is underway to map the council's current and planned activity against a set of agreed organisational development principles and objectives, with a view to developing a long term Organisational Development plan taking the council to 2020

- Developed our online and social media presence

- Launched a new website as a platform for delivering more of our services online and to enable customers to register for an account and track enquiries. As of April 2016 14,000 customers had signed up for e-billing for council tax, and all new customers are encouraged to operate their council tax account in this way.

9.0   REVIEW OF EFFECTIVENESS

9.1   We are responsible for carrying out, at least once a year, a review of how effective our governance framework is, including our system of internal control. Our review of how effective our systems and procedures are is supported by the work of CMT and the Chief Auditor's Annual Assurance Report. The review includes consideration of comments made by the External Auditor, peer reviewers, inspectors and other review agencies. The process that has been applied in maintaining and reviewing the effectiveness of the governance framework includes the following:

- The Council's internal management processes, such as performance monitoring and reporting; the staff performance appraisal framework; internal surveys; monitoring of policies, such as the corporate complaints and health and safety policies; and the corporate budget process;

- Streamlining of purchase to pay is underway to ensure there is rigorous control of all expenditure and an efficient process for promptly paying council suppliers

- The Council's Internal Audit coverage, which is planned using a risk based approach. The outcome from the internal audit coverage helps form the Chief Auditor's opinion on the overall adequacy of the Council's Internal Control Framework, which is reported in his annual report; including any limited assurance audit reports and action taken

- The Chief Auditor's annual report on anti-fraud and corruption activities

- OFSTED annual children's services assessment (*other assessments e.g. youth services, New Directions etc.* ;)

- The Care Quality Commission's inspection of safeguarding and looked after children services;

- External Audit of the council's financial statements and VFM opinion assessing whether proper arrangements are in place for securing financial resilience and challenging how the council provides economy, efficiency and effectiveness ;

- The work of the Audit and Governance Committee, which reviews the outcomes from the Annual Audit Plan and the annual report of the Chief Auditor;

- Annual review of standards and complaints about councillors by the Monitoring Officer to the Standards Committee.

9.2 We have made progress in implementing actions contained within the 2014/2015 Annual Governance Statement. Some of the actions identified last year have been completed:

- Introduced cost effective solutions to meet the demand for safe and adequate emergency accommodation and mitigate the growing pressure on the B&B budget through a Homelessness Strategy to prevent homelessness and to ensure appropriate accommodation is available for those who are or may become homeless

- Continued work to accelerate progress and reduce the school attainment gap. The Educational Ambition and Achievement Strategy 2015-2018 and its associated Implementation Plan for Raising Standards were both approved and Reading First Partnership formally established

- Progress on the implementation of the SEND Reforms is on target to enable schools to meet the needs of children and young people with higher levels of need

- The Council has continued to refine and simplify processes and procedures and will provide guidance and training to staff to ensure that controls are embedded throughout the organisation. Including:

  − Purchase to Pay (PTP) is underway.

  − HR processes to make changes to the establishment, new starters, changes to an existing employee, working patterns, notice of leaving, recruitment request etc. redesigned and on line for self-serve by staff

  − Implemented procedure rules for financial processes setting out the consequences of not complying with the approved process. The purpose of these procedure rules is to ensure proper process is followed and the Council can demonstrate it is spending appropriately

- Completed a Council wide review of the use of vehicles and fleet in general to ensure compliance with legislation and that value for money is achieved

- Delivered the requirements of the Local Government Data Transparency Code 2015 which sets out the requirement for Councils to publish key information

9.3 All other actions are in the plan and most are on-going and reflected in the implementation plan in the appendix.

10.0 CONCLUSION AND PRIORITIES FOR IMPROVEMENT

10.1 The arrangements continue to be regarded as fit for purpose in accordance with the governance framework, significant governance issues are identified in our improvement plan.

10.2 The annual review of governance provides evidence of how effective our governance framework is. As a result, we have put in place an improvement plan as mentioned at 9.3 above. Over the next year we will be taking steps to continue to improve what we do.

10.3 We are satisfied that these steps will bring about the improvements that we identified in our review of effectiveness, and we will monitor these improvements as part of our next annual review.

Signed:………………………………………….   Signed:………………………………………………

S M Warren Interim Managing Director   Councillor Jo Lovelock, Leader of Council

On behalf of the members and officers of Reading Borough Council