

DRAFT Annual Governance Statement (AGS) 2017/18

1. INTRODUCTION

Leicestershire County Council (the Council) is responsible for ensuring that its business is conducted in accordance with prevailing legislation, regulation, government guidance and that proper standards of stewardship, conduct, probity and professional competence are set and adhered to by all those representing and working for and with the Council. This ensures that the services provided to the people of Leicestershire are properly administered and delivered economically, efficiently and effectively. In discharging this responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs.

Regulations 6 (1)(a) and (b) of the Accounts and Audit Regulations 2015 requires each English local authority to conduct a review, at least once a year, of the effectiveness of its system of internal control and approve an annual governance statement (AGS), prepared in accordance with proper practices in relation to internal control. The preparation and publication of an AGS in accordance with the Framework fulfils the statutory requirement of the Accounts and Audit Regulations. The AGS encompasses the governance system that applied in both the Authority and any significant group entities (e.g. ESPO, EMSS) during the financial year being reported.

2. WHAT IS CORPORATE GOVERNANCE?

Corporate Governance is defined as how organisations ensure that they are doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner. The Council's governance framework comprises the systems and processes, cultures and values by which the Council is directed and controlled. 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 services and value for money.

'Delivering Good Governance in Local Government: Framework', published by CIPFA in association with Solace in 2007, sets the standard for local authority governance in the UK. CIPFA and Solace reviewed the Framework in 2015 to ensure it remained 'fit for purpose' and published a revised edition in spring 2016. The revised Framework must be applied to annual governance statements prepared for the financial year 2016/17 onwards.

The concept underpinning the Framework is that it is helping local government in taking responsibility for developing and shaping an informed approach to governance, aimed at achieving the highest standards in a measured and proportionate way. The Framework is intended to assist authorities individually in reviewing and accounting for their own unique approach. The overall aim is to ensure that:

- resources are directed in accordance with agreed policy and according to priorities
- there is sound and inclusive decision making
- there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

3. LEICESTERSHIRE VISION AND OUTCOMES

The vision and Outcomes Framework of the new Strategic Plan 2018 - 22 have been developed through extensive engagement across the Council and reviews of evidence, insight and existing policy commitments during 2017/18.

The five priority outcomes which are felt to reflect the priorities of residents, businesses and communities in Leicestershire have been identified using a range of evidence and population data as well as qualitative evidence from service users and residents surveys. A desk based review of existing partnership commitments and national statutory requirements and measures established a framework of the Council's duties. The Council's strategies have been used to aid discussions across the organisation to agree the strategic outcomes and develop the supporting outcomes. These strategies have also been subject to extensive engagement and public consultation. Input from Members, Chief Officers and senior managers from across the Council and key stakeholder organisations has further shaped the Plan.

The Plan explains how the Council will work over the next four years to ensure Leicestershire has a strong economy, people are well and safe, Leicestershire has great communities and there are quality and affordable homes. The Plan is now guiding service commissioning, planning and delivery in order to secure maximum delivery against these outcomes for the people of Leicestershire.

Our Vision : Working together for the benefit of everyone				
Strong Economy	Wellbeing and Opportunity	Keeping People Safe	Great Communities	Affordable and Quality Homes
Leicestershire's economy is growing and resilient so that people and businesses can fulfil their potential.	The people of Leicestershire have the opportunities and support they need to take control of their health and wellbeing.	People in Leicestershire are safe and protected from harm	Leicestershire communities are thriving and integrated places where people help and support each other and take pride in their local area.	Leicestershire has a choice of quality homes that people can afford.

The Council maintains a strong focus on performance management through its corporate performance management arrangements. Despite the financial and service pressures every effort is being made to drive service efficiency, innovation, service transformation and to digitise services and continue to deliver decent services and good outcomes for local people.

Looking at published data for 2016/17 (reported to Cabinet – November 2017), the Council has continued to improve its overall performance position to 7th of 27 two-tier county council areas, using a basket of performance indicators spanning Council and partnership activity. A number of the highest performing Councils have higher funding levels than Leicestershire due to the County Council's low funding position. The overall progress during 2017 in delivering on the Council's Strategic Priorities, securing transformation and mitigating the impact of national funding reductions, is set out in the Annual Delivery Report: <https://www.leicestershire.gov.uk/about-the-council/how-the-council-works/leader-and-cabinet/council-performance>

4. WHAT THE AGS TELLS YOU

The AGS provides a summarised account of how the Council's management arrangements are set up to meet the principles of good governance and how we obtain assurance that these are both effective and appropriate. It is written to provide the reader with a clear, simple assessment of how the governance framework has operated over the past financial year and to identify any developments required. The main aim of the AGS is to provide the reader with confidence that the Council has an effective system of internal control that manages risks 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 revised Framework requires local authorities to review arrangements against their Local Code of Corporate Governance. The Council's Local Code of Governance has been revised so that it is consistent with the seven core principles of the Framework and was approved by the County Council at its meeting on 27 September 2017

<https://www.leicestershire.gov.uk/sites/default/files/field/pdf/2017/9/27/local-code-of-corporate-governance.pdf>


The Local Code will be reviewed again early in 2018/19. The principles contained in the Framework have been applied to the preparation of the AGS for the financial year 2017/18.

5. HOW THIS STATEMENT HAS BEEN PREPARED

There is a statutory requirement in England, for a local authority to conduct a review at least once in each financial year of the effectiveness of its governance framework including the system of internal control. This review requires the sources of assurance, which the Council relies on, to be brought together and reviewed – from departmental, corporate and external views (e.g. Internal Audit, Peer reviews, Inspections - Ofsted, CQC, H&SE)

To ensure this AGS presents an accurate picture of governance arrangements for the whole Council, each Director was required to complete a 'self-assessment', which provided details of the measures in place within their department to ensure conformance (or otherwise) with the seven core principles of the new Framework.

The self-assessments contained a set of conformance statements under each core principle, which required a corresponding score of 1, 2 or 3 based on the criteria below:

Score	Definition	Description	Evidence (all inclusive)
1	Good 	Conformance against the majority of the areas of the benchmark is good, although there may be minor developments required but with a limited impact on the ability to achieve departmental and Council objectives. Strategic, reputational and/or financial risks are minor and performance is generally on track.	Many elements of good practice to a high standard and high quality; Substantial assurance can be given that coverage of the sub-principle is operating satisfactorily and extends to most/all services areas within the department




2	<p>Some development/ areas for improvement</p> 	<p>There are some developments required against areas of the benchmark and the department may not deliver some of its own and the Council objectives unless these are addressed. The management of strategic, reputational and/or financial risks is inconsistent and performance is variable across the department.</p>	<p>Some elements of good practice to a high standard and high quality;</p> <p>Moderate assurance can be given that coverage of the sub-principle is working adequately in certain service areas, with omissions in others;</p> <p>Proposal/Plans are in place to address perceived shortfalls</p>
3	<p>Key development and many areas for improvement</p> 	<p>Conformance against many/all areas of the benchmark is poor and therefore delivery of departmental and Council objectives is under threat. There are many strategic, reputational and/or financial risks and performance is off track.</p>	<p>Few elements of good practice to a high standard and high quality;</p> <p>Coverage of this expectation is omitted amongst most areas;</p> <p>Proposal/Plans to address perceived shortfalls are in early stages of development</p>




The application of a more quantitative approach to assessing conformance against the Framework will allow the Corporate Management Team, Members and the public at large to obtain necessary assurance that the Council operates within an adequate governance framework, thus complying with the seven core principles and best practice. In addition to the above, senior officers assessed arrangements for managing issues that apply across all departments. Whilst the self- assessments identified many sources of assurance and were transparent in reporting areas for action, the tables below only include the key areas where development is necessary.

A senior management group (comprising the following officers) with responsibility for producing the 2017/18 AGS has determined that progress on the development areas identified against each Principle below should be the responsibility of the service managers during 2018/19.

- Director of Law and Governance (the Council's Statutory Monitoring Officer)
- Director of Finance (the Council's Statutory Chief Financial Officer)
- Head of Democratic Services
- Assistant Chief Executive
- Head of Internal Audit & Assurance Service

Annual Review of the Effectiveness of the Council's Governance Framework against the CIPFA/SOLACE Delivering Good Governance in Local Government : Framework (2016)

Core Principles of the Framework	Overall Assessment	Action to Develop Areas Further
<p>Principle A:</p> <p>Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</p>		<p>The level of conformance is generally good, and the following key developments are noted:</p> <ul style="list-style-type: none"> • Embedding the Council's revised values and behaviours. • A Modern Slavery and Human Trafficking Statement was approved to promote the Council's stance on this issue and details the actions/activities already in place together with steps to be taken during the next 12 months. • To ensure external providers of services on behalf of the Council are required to act with integrity and in compliance with high ethical standards expected by the Council, a statement of supplier conduct has been drafted and will be progressed during 2018.
<p>Principle B:</p> <p>Ensuring openness and comprehensive stakeholder engagement</p>		<p>The level of conformance is reasonable however further development is required in:</p> <ul style="list-style-type: none"> • A corporate Consultation Communications and Engagement Group oversees and co-ordinates the Council's engagement activities. The council has recognised the value and importance of consultation and engagement will continue to develop this area in the future • Review of delegated powers.
<p>Principle C.</p> <p>Defining outcomes in terms of sustainable economic, social, and environmental benefit</p>		<p>The level of conformance is good with further developments required as follows:</p> <ul style="list-style-type: none"> • Alignment of Medium Term Financial Strategy (MTFS) to the recently agreed priority outcomes in the Council's Strategic Plan for 2018-22. • Some challenges in ensuring a match between service user expectations and low comparative levels of funding the authority receives. Pressures on delivery in a number of areas, particularly Adult Social Care and Children's Social Care.

<p>Principle D.</p> <p>Determining the interventions necessary to optimise the achievement of the intended outcomes</p>		<p>Further development is noted in the following areas:</p> <ul style="list-style-type: none"> • Work is underway to ensure that strategic, operational, and financial plans are properly linked to the new Outcomes framework and key strategies. This will also include a refresh of departmental key performance metrics and dashboards. • The Council has agreed an Improvement Plan to invest an extra £2.5m to create new social care posts to help reduce caseloads, address Ofsted requirements and manage a rise in the numbers of children in care. • Continue to roll out self-service performance dashboards for managers through business intelligence and identification of service quality issues more explicitly in performance reporting. • Development of a centralised procurement function which will provide a single point of referral for all tendering activity.
<p>Principle E.</p> <p>Developing the entity's capacity including the capability of its leadership and the individuals within it</p>		<p>Further development is noted in the following areas:</p> <ul style="list-style-type: none"> • Fit for the Future project (joint project between the County Council and Nottingham City Council) should provide enhanced financial intelligence and further efficiencies in the delivery of transactional HR, Payroll, Finance and Procurement support services. • The corporate Performance and Development Review (PDR) system is under review. • Work to reduce the level of sickness absence and support people to return to work has been a focus. A team of HR officers have been appointed to specifically work as a task group on this issue.
<p>Principle F.</p> <p>Managing risks and performance through robust internal control and strong public financial management</p>		<p>The level of conformance is generally good, and the following key developments are noted:</p> <ul style="list-style-type: none"> • Continuing to improve contract management and monitoring/ reporting of key contracts and quality. • Greater validation processes within key databases. More digital support for front line managers in managing data and provision of data quality reports to identify weaker areas. • Implementation of recommendations from the Information Commissioners Office (ICO) voluntary audit : <ul style="list-style-type: none"> • Creation of Information asset register is in progress and will align with the Retention & Disposal Schedules. • Annual refresh of the completion of mandatory training Data Protection & Information Security training. • The Council is taking significant steps in its preparations for the new General Data Protection Regulations (GDPR). A project is underway and a project plan is in place. An Information Governance Project Board has been set up to govern both the GDPR project plan and the ICO Audit Action Plan and meets regularly.

Principle G.

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



The level of conformance is good

Scrutiny and performance reporting is in place around the current main service departments, scrutiny committees and through appropriate boards. Performance reports on wider health performance go to Health Scrutiny Committee and Health and Wellbeing Board. Communities Strategy in place to support community delivery. Overview and Scrutiny Committees also monitor the performance and activities of the Leicestershire Children and Young People's Partnership Board, the Local Safeguarding Children Board, the Children's Social Care Panel. Transport Scrutiny considers matters which relate to waste and recycling; public transport; and roads and road safety. However, further development required as follows:

- Leicester and Leicestershire Enterprise Partnership's (LLEP)* performance reporting, Health Senior Leadership Team, and Leicestershire Education Excellence Partnership oversight still being strengthened.

*Note: the Ministry of Housing, Communities & Local Government (February 2018) undertook a performance review of the LLEP across three themes: governance delivery and strategy. The overall conclusion for the LLEP was reported as good.

- Whilst the external peer review of the internal audit function returned top grading, there are some areas for development to action.

6. REVIEW OF EFFECTIVENESS

The Framework provides examples of documents, systems and processes that an authority should have in place. Using this guidance, the Council can provide assurance that it has effective governance arrangements – see section 4. The Council has an approved Local Code of Corporate Governance and this provides examples of good governance in practice.

The Control Environment of Leicestershire County Council

The Council's Constitution includes Finance and Contract Procedure Rules and Schemes of Delegation to Chief Officers. These translate into key operational internal controls such as: control of access to systems, offices and assets; segregation of duties; reconciliation of records and accounts; decisions and transactions authorised by nominated officers; and production of suitable financial and operational management information. These controls demonstrate governance structures in place throughout the Council.

Internal Audit Service

Internal Audit Service

Leicestershire County Council Internal Audit Service (LCCIAS) should conform to the Public Sector Internal Audit Standards (the PSIAS) which were introduced in 2013. Revisions to the PSIAS in April 2016 were reflected in an updated Internal Audit Charter mandating the purpose, authority and responsibility of the internal audit activity at the Council, which was approved by

Corporate Governance Committee in November 2016. The Charter allows the Council's Head of Internal Audit Service (HoIAS) to also be responsible for the administration and development of, and reporting on, the Council's risk management framework. Whilst this does present a potential impairment to independence and objectivity, the HoIAS arranges for any assurance engagement to be overseen by someone outside of the internal audit activity. A further update to the Charter is required in 2018-19 to reflect PSIAS guidance on the role of the internal audit function in counter fraud activity.

In line with requirements to receive an independent external quality assessment once every 5 years, in March 2018 the HoIAS commissioned Veritau Limited to undertake an independent validation of its self-assessment of conformance against the PSIAS (in effect a peer review).

Veritau concluded that *'It is our overall opinion that Leicestershire County Council generally conforms to the Public Sector Internal Audit Standards, including the Definition of Internal Auditing, the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics and the Standards'*. Veritau explains that 'generally conforms' is the top rating and means that the internal audit service has a charter, policies and processes that are judged to be in conformance to the Standards. The review team found a number of areas of good practice as well as a number of areas which merit further attention which are accepted by the HoIAS and an action plan will be drawn up.

In order to meet a PSIAS requirement to form an opinion on the overall adequacy and effectiveness of the Council's control environment i.e. the framework of governance, risk management and control, the HoIAS constructs an annual risk based plan of audits. Given the overall robustness of risk management at the Council, the plan is primarily based on the contents of corporate and department risk registers to ensure current and emerging risks are adequately covered. Parts of the plan relate to audits of the key financial systems that the External Auditor may choose to review to assist their risk assessment when planning the audit of the financial accounts. A contingency is retained for unforeseen risks, special projects and investigations.

Audit reports often contain recommendations for improvements. The number, type and importance of recommendations affects how the auditor reaches an opinion on the level of assurance that can be given that controls are both suitably designed and are being consistently applied, and that material risks will likely not arise. The combined sum of individual audit opinions and other assurances gained throughout the year (e.g. involvement in governance groups, attendance at Committees, evaluations of other assurance providers), facilitate the HoIAS to form the annual internal audit opinion on the overall adequacy and effectiveness of the Council's governance, risk management and control framework (i.e. the control environment).

The HoIAS presents an annual report to the Corporate Governance Committee in April. The annual report incorporates the annual internal audit opinion; a summary of the work that supports the opinion; and a statement on conformance with the PSIAS and the results of the quality assurance and improvement programme. The HoIAS Sub-Opinions for 2017/18 are:

- Governance – Nothing of significance, adverse nature or character has come to the HoIAS attention. As such reasonable assurance is given that the Council's governance arrangements are robust.
- Risk management - Management has shown good engagement around risk and agreed to implement audit recommendations, which further mitigates risk. Therefore reasonable assurance is given that risk is managed.
- Financial and ICT Control – Reasonable assurance can be given that the Council's core financial and I&T controls remain strong.

Commercial and Collaborative Arrangements

Commercial

ESPO is constituted as a joint committee (of 6 local authorities) set up to provide a comprehensive professional purchasing service to public sector bodies. It is overseen by a Member Management Committee and reports regularly on its financial performance. Internal audit is undertaken by Council's Internal Audit Service as part of the servicing agreement. Similar to the County Council, the HoIAS presents an annual report to the Management Committee in June. The annual report incorporates the annual internal audit opinion (to be entered in the final AGS). Although not required to do so an external audit is also undertaken.

The Council's Cabinet in September 2017 approved a Corporate Asset Investment Fund Strategy which guides the Council's investments in assets not directly involved in the delivery of its services. That Strategy requires reporting to various member bodies. Future performance reports on the Council's activities will include details of the investments made and the performance of these against the targets set out in the Strategy.

The Council also has a trading arm- Leicestershire Traded Services (LTS), which sits within the Corporate Resources Department. Its activities are overseen by an Officer Board and the current MTFS assumes an income of £2.5million from traded services. The quarterly financial and performance reports includes the performance of the LTS as part of the Corporate Resources Department and these reports are considered by various member bodies.

East Midlands Shared Service (EMSS)

EMSS is constituted under Joint Committee arrangements to process payroll/HR and accounts payable and accounts receivable transactions for Leicestershire County Council and Nottingham City Council. The internal audit of EMSS is undertaken by Nottingham City Council.

On the basis of audit work undertaken during the 2017/18 financial year, covering financial systems, risk and governance, the Head of Internal Audit (HoIA) at Nottingham City Council concluded that a "significant" level of assurance could be given that internal control systems are operating effectively within EMSS and that no significant issues had been discovered.

Risk Management

The Corporate Governance Committee has a responsibility to ensure that an effective risk management system is in place. Risk management is about identifying and managing risks effectively, helping to improve performance and aid bold decision making relating to the development of services and the transformation of the wider organisation. The Council's Risk Management Policy and Strategy provide the framework within which these risks can be managed.

The Policy and Strategy were reviewed, revised and approved by Cabinet in February 2018. Regular reports are provided to the Corporate Governance Committee on Strategic risks facing the Council. Key risks identified include:

- Delivering future financial savings – with risks around the ability to deliver savings through service redesign and transformation, impact of the living wage and other cost pressures.
- The council's financial position has worsened as a result of forecast overspends within children and family services, which requires growth, thus adding extra savings requirements. The children's social care placement budget is under increasing pressure as the number of looked after children continues to rise. This also includes increasing costs in relation to high needs pupils including SEN placements.

- If health sustainability and transformation does not lead to improved outcomes for health and wellbeing, then better care, quality of services and financial sustainability will be at risk. In addition, there is also a risk to delivering unrealistic national delayed transfer of care targets. The Leicestershire Better Care Fund Plan was submitted to NHS England in September 2017 and partners in Leicestershire have decided proactively to undertake their own review using the methodology of the reviews to date to identify key areas for improvement.
- Other risks include:
 - Managing sickness absence, Children and Family Services being able to recruit and retain skilled social workers and managers, supplier continuity plans, Special Educational Needs transport risk assessments and buildings fire risk management

Corporate Governance Committee

The Corporate Governance Committee is responsible for promoting and maintaining high standards of corporate governance within the Council and receives reports and presentations that deal with issues that are paramount to good governance.

During 2017/18 the Committee has provided assurance that: an adequate risk management framework is in place; the Council's performance is properly monitored; and that there is proper oversight of the financial reporting processes.

The table below provides summary information of other key business considered by this Committee during 2017/ 18 to support the above.

- Quarterly Risk Management Updates and the Risk Management Policy & Strategy
- External Audit Plan, Statement of Accounts and Annual Governance Statement
- Quarterly Treasury Management updates and Annual Treasury Management Report 2016/17. Treasury Management Strategy Statement and Annual Investment Strategy 2018/19
- Internal Audit Plan, quarterly progress reports, and progress against High Importance recommendations as well as an Annual Audit Report
- Local Code of Corporate Governance
- Ombudsman Annual Review 2016-17 and Corporate Complaint Handling
- Annual Report on the Operation of Members' Code of Conduct and dealing with complaints
- Proposed Changes to the Contract Procedure Rules
- Information Commissioner's Office Inspection and GDPR Update
- Annual Reports - Business Continuity and Court Surveillance and Regulation of Investigatory Powers Act 2000 (RIPA)

External Audit

The Council's external auditors KPMG present the findings from their planned audit work to those charged with governance. Key conclusions reached are as follows:

- **Council's Medium Term Financial Strategy 2016-2020 (Value for Money Conclusion)**
 - 2016/17 Budget. The Authority has made proper arrangements to ensure it took properly-informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.
 - 2017/18 and future years planned budget. Appropriate arrangements are in place to identify and achieve savings. However, the Authority needs to continue to closely monitor progress and ensure its MTFs is kept up to date.
 - The level of reserves are appropriate for the size of the organisation given the continued uncertainties and risks that lie ahead for the whole sector and the individual pressure and challenges the Authority faces in the short to medium term.
- **Opinion on the 2016/17 Annual Statement of Accounts**
 - No significant audit or accounting issues and no material deficiencies in internal control and that the Annual Statement of Accounts presented a true and fair view, in accordance with the relevant codes and regulation.
- **Annual Audit Plan (for the 2017/18 Accounts)**
 - The audit plan was reported to members in January 2018 and the interim audit was completed in March 2018. The provision of relevant information by the Internal Audit Service which will assist KPMG to determine the planned audit approach for further testing during June and July 2018 before reporting the Audit Opinion in July 2018.

The Role of the Chief Financial Officer (CFO)

Throughout 2017/18, the Director of Finance (Corporate Resources Department) undertook the role of the Chief Financial Officer (CFO) for the Council. The CFO conforms to the governance requirements and core responsibilities of two CIPFA Statements on the Role of the Chief Financial Officer; in Local Government (2016) and in the Local Government Pension Scheme (2014). The CFO is a key member of the Corporate Management Team and is able to bring influence to bear on all material business decisions, ensuring that immediate and long term implications, opportunities and risks, are fully considered and in alignment with the MTFs and other corporate strategies. The CFO is aware of, and committed to, the five key principles that underpin the role of the CFO, and has completed an assurance statement that provides evidence against core activities which strengthen governance and financial management across the Council.

The Role of the Head of Internal Audit

The Council's Internal Audit Service arrangements conform to the governance requirements and core responsibilities of the CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations (2010). The Head of Internal Audit & Assurance Service undertakes the role of Head of Internal Audit Service (HoIAS) and works with key members of the Corporate Management Team to give advice and promote good governance throughout the organisation. The HoIAS leads and directs the Internal Audit Service so that it makes a full contribution to and meets the needs of the Authority and external stakeholders, escalating any concerns and giving assurance on the County Council's control environment. The HoIAS has reviewed his conformance to the CIPFA statement providing evidence against core activities and responsibilities which strengthen governance, risk management and internal control across the Authority.

The Monitoring Officer has responsibility for:

- ensuring that decisions taken comply with all necessary statutory requirements and are lawful. Where in the opinion of the Monitoring Officer any decision or proposal is likely to be unlawful and lead to maladministration, he/she shall advise the Council and/or Executive accordingly,
- ensuring that decisions taken are in accordance with the Council's budget and its Policy Framework,
- providing advice on the scope of powers and authority to take decisions

In discharging this role the Monitoring Officer is supported by officers within the Legal and Democratic Services Teams.

7. ACTION TAKEN ON GOVERNANCE ISSUES REPORTED IN THE 2016/17 AGS

Progress that has been made in dealing with the governance issue that was identified in the 2016/17 AGS is detailed below:

Ref	Issue /Area for Improvement (AGS) 2016/17	Lead Officer and Date	Progress during 2017/18
1	<p><u>Help to Live at Home</u></p> <p>In November 2016, following a late withdrawal by a contracted provider of adult home care services, the Council was subject to criticism over its preparations, plans and arrangements for delivering the Help to Live at Home Programme, a joint procurement with the NHS. This impacted the Council's reputation for a short period of time and led to the Council's Cabinet Member for Adult Social Care apologising to service users whose care had been affected.</p> <p>Whilst the great majority of service users have received the care required the Council recognises there had been quality failings for some service users.</p> <p>Urgent action was taken by the service to ensure service continuity and the safety and wellbeing of service users. A pre-planned lessons learned exercise has been undertaken in conjunction with NHS partners. Outcomes of this are due to be reported to the Health partners' boards and the Council's Adults and Communities Overview and Scrutiny in the early summer.</p>	<p>Director of Adults & Communities</p> <p>September 2017</p>	<p>Work has been underway throughout 2017/18 to stabilise the delivery of the Help to Live at Home service.</p> <p>The new domiciliary care contracts have been operational for over a year now and delivery continues to improve.</p> <p>An average of 1900 hours of new care are commissioned each week; which is having a positive impact on people accessing packages of care both from hospital discharge and in the community. In December 2017, there were only 12% of people whose discharge from hospital was delayed due to social care (compared to 25 % the previous year) and the number awaiting a care package has continued to decline.</p> <p>The proportion of service users receiving care from a lead provider has steadily increased and now stands at 71%. Contingency providers are supporting the delivery of care in areas where the lead provider cannot pick up all of the new packages in their Lot.</p> <p>The re-procurement process for the 3 vacant Lots was completed in August 2017, with contracts being awarded to 3 providers. Services started as planned in November 2017.</p> <p>An update on the delivery of home care services was presented to the Council's Adults and Communities Overview and Scrutiny Committee on 6 March 2018.</p>

8. SIGNIFICANT GOVERNANCE ISSUES ARISING DURING 2017/18

This Annual Governance Statement identifies that the Council has effective arrangements in place, but that we recognise the need to continuously review, adapt and develop our governance arrangements to meet the changing needs of the organisation. Whilst the Council has identified areas to be developed (see section 4), it is important to recognise that the senior management group (13 March 2018) determined that there were no significant governance issues in 2017/18.

9. FUTURE CHALLENGES

Significant challenges faced by the County Council such as continuing funding reductions, delays to the localisation of business rates, progressing the transformation programme, driving further Health and Social Care integration (under the NHS Leicester, Leicestershire and Rutland Sustainability and Transformation Plan) and changes to the Better Care Fund are detailed within the Corporate Risk Register, which is regularly presented to the Corporate Management Team and Corporate Governance Committee. Managing these risks adequately will be an integral part of both strategic and operational planning; and the day to day running, monitoring and maintaining the Council.

New challenges continue to emerge in particular:

- **Austerity** - The Council is the lowest funded county council in the country and is among the lowest funded of all authorities. The Council continues to press for the development of a funding system which achieves a much fairer distribution of local government funding than the current system has achieved. The Council submitted a response to the Government's Fair Funding Technical Consultation on Relative Need with its views on what factors drive local government spending and how these can be reflected in the new "fair funding" system from 2020.
- **The future outlook is challenging** with continuing reductions in government funding coupled with rising demand especially in adults and children's social care.
- **STP and Sustainable Care Funding** - there continue to be risks locally arising from the need to ensure a sustainable local health and care economy to meet escalating demand from an increasing elderly population. Increasing emergency admissions, pressures to utilise resources on meeting delayed transfers of care targets, provider improvement requirements, and failure to achieve efficiencies and effective transformation of local health services, as well as a lack of a sustainable funding solutions for adult social care create a major challenge.
- **The Independent Inquiry into Child Sexual Abuse (Jay Inquiry)** - The Inquiry will investigate institutional responses to allegations of child sexual abuse involving the late Lord Janner of Braunstone QC. The Council is a Core Participant to the Janner Investigation and continues to provide information to the Inquiry when requested. The Council was made aware in December 2017 that the public hearing of the Janner Investigation will not be held before April 2019.

10. CERTIFICATION

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Corporate Governance Committee and that the arrangements continue to be regarded as fit for purpose.

We propose over the coming year to take steps to address any matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for any developments that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Furthermore, having considered all the principles of the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption, we are satisfied that the Council has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

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John Sinnott
Chief Executive

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Nicholas Rushton
Leader of the Council.

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