

# Shropshire Council

## Annual Governance Statement

### 2021/22

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

The Council's Code of Corporate Governance, located in the Constitution<sup>1</sup>, summarises the Council's good governance principles and details the actions and behaviours required to demonstrate good governance. Senior managers have provided assurances that the seven core principles have been applied throughout the 2021/22 financial year.

Any significant instances of non-compliance have been identified and escalated to the top of the Council for action. Assurances have been provided by Assistant Directors and above who demonstrate that the Council is doing the right things in the right way for the right people, in a timely, inclusive, open and accountable manner. These arrangements take into consideration the systems, processes, culture and values which direct and control the way the Council works; through which it is accountable to, engages with and leads its communities. **Annex A demonstrates the overall Assurance Framework.**

This statement explains how the Council has complied with the Code and meets the requirements of the Accounts and Audit Regulations. This is supported by a 2021/22 Code of Governance Internal Audit review which provides a **reasonable** level of assurance. It should be noted that Council services have continued to deliver and respond to the pressures emanating from the Covid Pandemic which placed additional and competing demands on all.

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

Members and officers recognise the importance of compliance with the Constitution, specifically the Rules; Regulations, Scheme of Delegation and Codes of Conduct; all of which are regularly reviewed and updated. Instances of non-compliance or areas of concern are identified, reported through appropriate channels and managed effectively under established policies and processes and where necessary escalated for further action. The Council has continued to respond effectively to modified statutory timetables and other regulatory requirements around the Covid pandemic with a flexible and proportionate approach.

Officers comply with their professional organisations' codes of conduct in delivering services (E.g. HCPC<sup>2</sup>, AMGPs<sup>3</sup>, EHORB<sup>4</sup>, SRA, CILEX<sup>5</sup>), against which assessments are conducted to confirm compliance and identify any improvements required. Adult Social Care (ASC) receive regular focused audits which monitor their compliance with

<sup>1</sup> <https://shropshire.gov.uk/committee-services/ecCatDisplay.aspx?sch=doc&cat=13331&path=0%20>

<sup>2</sup> Health Care and Professions Council

<sup>3</sup> Approved Mental Health Act Professionals

<sup>4</sup> Environmental Health Registration Board

<sup>5</sup> Solicitors Regulation Authority/ Chartered Institute of Legal Executives

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

the law e.g. Mental Capacity Act, Deprivation of Liberty Safeguards, Care Act and the Mental Health Act. Emergency Planning undertake all duties expected under the Civil Contingencies Act with integrity and work closely with multi-agency partners within the Local Resilience Forum (LRF).

Statutory responsibilities across the Council are discharged openly and proactively, key statutory officers are in place (Monitoring<sup>6</sup>, Section 151<sup>7</sup> Officer, Head of Paid Service and the Senior Information Risk Owner (SIRO)). Examples of statutory responsibilities delivered include, LGPS<sup>8</sup> Regulations, CIPFA<sup>9</sup> Code of Practice, Freedom of Information (FOI), Elections, Treasury Management, Coroner and Registrars' Services. Statutory responsibilities for duties under the Care Act; Special Educational Needs, Education Access, Early Years and place planning, sufficiency and admissions are discharged openly, proactively and in full compliance with Admission Codes. All roles have responded rapidly and flexibly to the pressures of the Covid pandemic and changing legislation; examples continued in delivering vaccinations, testing, grants and lockdown practices.

Finance Business Partners get involved with contract negotiation and management to ensure that external providers of services are acting in line with ethical standards expected by the Council.

Human Resource (HR) and recruitment policies and processes help ensure that the Council complies with employment law and avoids discrimination, these are refreshed regularly and agreed with the recognised trade unions. Employees are well supported, receive training and development opportunities. Policies and procedures are being revisited to reflect new ways of working.

Internal Audit produce a risk-based plan, working closely with Executive Directors and reports provide independent assurance that appropriate governance and internal control standards are maintained, or areas of concern highlighted for action.

The Council has a zero tolerance to fraud and corruption and raised the profile of its intentions to counter fraud with various communications during International Fraud Awareness week. Identified concerns are acted upon and can lead to specific outcomes, learning points and improvements. Millions of pounds of grant money have been awarded to thousands of businesses and individuals providing wider economic benefits for the area; built in preauthorisation counter fraud checks were arranged to minimise fraud; the system was refined and improved with each round of funding and officers resisted pressure to pay before suitable arrangements were embedded to ensure best use of grants.

The Council undertakes a self-assessment of its fraud risks, to identify and understand them. It acknowledges issues and plans to demonstrate that action is taken and outcomes are visible. This process is transparent, reports are taken to

<sup>6</sup> The Monitoring Officer has three main roles: 1. To report on matters he/she believes are, or are likely to be, illegal or amount to maladministration; 2. To be responsible for matters relating to the conduct of members and officers; and 3. To be responsible for the operation of the Council's Constitution.

<sup>7</sup> Every local authority shall plan for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs, this is the Section 151 Officer

<sup>8</sup> Local Government Pension Scheme

<sup>9</sup> Chartered Institute of Public Finance Managers

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

senior management and those charged with governance. Guidance on 'Speaking up about Wrongdoing' which incorporates whistle blowing is available to employees, members, the public and contractors. Any irregularities identified will be investigated by Internal Audit or the appropriate officers within services. Audit Committee are responsible for the monitoring and overview of the "Speaking up about Wrongdoing Policy" and receive regular outcome reports including an annual report.

Key developments consider green and environmental issues to ensure mitigations are in place; such as noise reductions for tourism venues and acoustic fencing. Equality and Social Inclusion Impact Assessments (ESIIA) are undertaken.

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

Openness and transparency are demonstrated throughout Council activity. Members represent local people in decision making; reporting processes are transparent, internally through officer and executive director groups, and publicly through Council committee meetings in virtual and face to face forums, increasing accessibility to a wider audience. Compliance has been demonstrated from elections of members, delivered in an open and fair way in accordance with electoral law and extensive engagement with the public and other bodies; through more recently the Council's continued response to the Covid pandemic with communications across several media channels at an unprecedented frequency level, daily at peak times and to a variety of clientele, including regular updates from the Chief Executive informing members and officers of responses to other major events, such as flooding and bird flu.

The Council has a strong Transparency and Freedom of Information agenda. Key decisions are reported and tested where necessary, through the senior team and then to members via Party Leads, Groups, Cabinet and Executive Director meetings. Examples include Cabinet and Council reports, policy approvals and published minutes of meetings (e.g. Information Governance Leadership and Oversight Group [IGLOO] and the Commissioning and Assurance Board). IGLOO and the Information Governance and Information Security (IGIS) Group provides a clear process for the consideration and escalation of information governance and security risks. The groups have been in operation since January 2022, attendance is from across the Council and terms of reference have been refreshed. IGLOO focusses on decisions, compliance and oversight and improvements have been evidenced in response to ICT security and infrastructure concerns.

The Council engages positively and sets out to work in a collaborative open partnership approach with several strategic partners including Central Government departments (Cities and Local Growth Unit, Homes and Communities Agency) and neighbouring local authorities. It is a non-constituent member of the West Midlands Combined Authority; has a proactive Business Board which it services and engages with on key initiatives and policies, which in turn has informed the Local Economic Growth Strategy. The management of One Public Estate continues with other public-sector partners. A multi-agency high cost placement funding panel with Children's Services, Education Services and the Clinical Commissioning Group (CCG) is established to manage high cost placements efficiently.

## B: Ensuring openness and comprehensive stakeholder engagement

There is a Local Resilience Forum (LRF) supported throughout the Council, with the Chief Executive attending Gold Command meetings where work is undertaken with community and multi-agency partners ensuring a robust response to emergencies, this has remained key to delivering the ongoing response to Covid. Use of emergency planning arrangements for internal and external gold and silver meetings have increased efficiencies and knowledge sharing.

Engagement and coproduction are a cornerstone of good public health practice, both at strategic and operational levels. Engagement has been and continues to be a key part of strategic partnership and statutory boards, including Shropshire's Integrated Place Partnership and the Health and Wellbeing Board (HWBB). For example, the Joint Strategic Needs Assessment is underpinned by engagement work with key stakeholders and this assessment informs the work and priorities of the HWBB. The team also prioritises strategic engagement with national bodies including, UKHSA<sup>10</sup>, OHID<sup>11</sup>, LGA<sup>12</sup>, Health Foundation and universities, etc to inform its approach. An example is engagement with national bodies to champion issues with measuring inequalities from a rurality perspective. Operational examples include engagement on the new drugs and alcohol strategy; Pharmaceutical Needs Assessment; the Whole System Weight Management Strategy and market engagement with potential suppliers as part of tender preparations.

Many Council services are delivered in partnership with other organisations such as the Local Strategic Partnership, Fire Service, STaR<sup>13</sup> Housing, West Mercia Energy, Shropshire County Pension Fund, town and parish councils, voluntary bodies and trusts. The Safeguarding Executive Board comprises of NHS, police and the third sector creating a strategic forum for planning and delivering services.

The Pension Board has been expanded to six members (from four) and meets more regularly during the year. The Board have had oversight of key decisions by the Pensions Committee this year including review of the investment strategy, equity protection and adoption of a climate change strategy.

Finance produces public reports showing budget monitoring, the Statement of Accounts and in year data to increase transparency of service delivery for stakeholders.

Our commissioning, procurement and contract activity includes early market engagement exercises and a full feedback process to unsuccessful bidders. Alongside comprehensive stakeholder engagement in the commissioning of existing and new services and internal stakeholder engagement in management of procurement projects, such as colleagues in Risk Management, Audit, Insurance, Legal, Finance and Human Resources (HR). The Commissioning and Assurance Board allows for strategic stakeholder engagement and the Council also works with local partnerships.

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<sup>10</sup> UK Health Security Agency

<sup>11</sup> Office for Health Improvement and Disparities

<sup>12</sup> Local Government Association

<sup>13</sup> Shropshire Towns and Rural Housing

## B: Ensuring openness and comprehensive stakeholder engagement

Annually key stakeholders are consulted on several projects, examples include; the future of Acton Scott; the delivery of the HRA<sup>14</sup> review; Library Transformation Strategy; Shropshire Local Programme; Housing Allocations Policy; Housing Needs survey; draft Sustainable and Affordable Warmth Strategy and Budget consultation. The full list of consultations undertaken is available on the Council website which is well utilised and where required consultations are extended to allow for any local concern that is raised.

Adult Social Care utilises several communication and engagement channels working closely with all those involved in commissioned services; including service users, carers, health and social care colleagues and advocates. Engagement with several boards including; Carers; Provider forums; LD<sup>15</sup>/Autism; Mental Health; DP<sup>16</sup>; Discharge Alliance group; Safeguarding and System Partnership Board meetings, all help to enrich services delivered. The annual development of the Local Account informs what difference has been made and the team facilitate the Making it Real partnership group which is co-chaired by Social Care's Cabinet lead and an expert by experience.

Children Services have seen stakeholder engagement take place through groups such as the Central Policy group (CPG) attended by headteacher representatives, other working parties, directly with partners and through multi agency groups to promote the best interests of the child and family to improve outcomes. As part of the Shropshire Safeguarding Partnership Board the service contributes to Board activity including multi-agency case file audits, sharing performance data, undertaking Section 11 audits and engaging with the Board's wider activities to promote effective stakeholder engagement. The principles of co-production and partnership working underpin all elements of Special Education Needs (SEND) work with engagement events supporting development of SEND services at a local level. School communications have been timely and locally focused reflecting the dynamics of the constantly changing environment.

Regular dialogue occurs with employees and the recognised trade unions around formal changes to policies and terms and conditions through the recognised collective bargaining processes (Policy Forum, Employees Joint Consultative Committee, Association Secretaries Group (Schools) and Health, Safety and Welfare Committee). The New Ways of Working Group made up of senior managers from across the Council and the Employee Reference Group, made up of a wide range of employees across all service areas, are engaged in discussions around alternative ways of working following the Covid pandemic and helping to shape proposals for the future. Equality Impact Assessments are also carried out on proposals to ensure inclusivity.

Communications are made with customers and stakeholders via our websites, Newsroom and Departmental Customer Relations Team, providing an excellent customer experience and resolution service. The Team works closely with businesses from a regulatory perspective and adopts a collaborative supportive approach to compliance with a strong focus on transparency and proportionality. A Communications forward plan is shared with Directorates to ensure the correct priorities are addressed; public information supports consultations to ensure these

<sup>14</sup> Housing Revenue Account

<sup>15</sup> Learning Development

<sup>16</sup> Direct Payments:

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

are fully understood (Acton Scott, Whitchurch, Shrewsbury Town Centre traffic changes) and the public is enabled to influence outcomes; 'Meet the Leader' events are arranged with the public and responses are made to media enquiries, social media observations and stakeholder communication activities on behalf of partners, such as the ICS<sup>17</sup>.

Public views on a very broad range of subjects are captured, providing guidance to services on how to conduct such activity to meet best practice. Officers work closely with the voluntary sector to embed strong partnership working and open dialogue, involving them in any discussion on changes to services, policies or future direction.

The creation and use of a new SharePoint for all Cabinet Reports provides a level of transparency in decision making across senior officers of the Council never available previously. A clear sign-off process for key professionals in Resources and Place Directorates ensures clarity and strong governance in the creation of reports before they are finalised. These reports are then signed off by EDT with the Monitoring Officer in attendance in advance of send out to Members.

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

The Workforce Strategy (under review) sets the direction for the Council in terms of its workforce, which then translates into team plans and individual's objectives so that all actions are related to the Shropshire Plan, the Council's vision, values and strategic objectives.

Human Resources (HR) have supported services to have the right employees with the right skills, at the right time and cost in the right place, to enable the Council to provide efficient and effective services to the community and realise sustainable, economic, social and environmental benefits. From a compliance perspective, they ensure that services are not putting the health and safety of employees at risk which could lead to costly repercussions. Shropshire HR provides specialist advice to private and public sector businesses across the County on a not for profit basis, which reduces the cost of the internal HR service to the Council. Upskill Shropshire is the Council's approach to the use of the Apprenticeship Levy. We partner with Training Providers across Shropshire (and beyond) to provide high quality apprenticeship training to our employees. We continued to support several of our Looked After Children in apprenticeships across the Council and transfer levy monies, in line with funding rules, to organisations across Shropshire to support apprenticeship training.

In responding to the ongoing Covid pandemic, all Service teams have reprioritised non-essential work to support business continuity/service recovery activities including the redeployment of employees across the workforce to meet service needs. There are still identified resourcing pressures that remain.

The Insurance team provided assurance for the Council in its management of insurance liabilities and by actively challenging service areas and the insurance providers/ brokers to ensure that cover is cost effective and robustly managed.

<sup>17</sup> Integrated Care System

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

As with all Resource services, an agile approach to leadership and delivery has been adopted, as emergency situations have arisen (as with the ongoing Covid pandemic), resources have been flexed and adapted to meet needs and deliver appropriate support.

There is a continued reduction in demand for office space and the need for travel, some of the Council's traditional approaches to service delivery and learning from this is informing the target operating model (TOM) which is underpinning the new Shropshire Plan from April. The new Shropshire Plan<sup>18</sup> will hold all the SDP<sup>19</sup> priorities and targets with clear evidence links and positive impacts relating to safer and stronger economies and enhancing our environmental and sustainability priorities.

The use and uptake of digital technology has increased; customers are encouraged to self-serve; the Council has a plant a tree scheme offset by customers moving to e-billing which is around twenty five per cent for Council Tax. Ninety per cent of new Housing Benefit applicants are online with work ongoing with partners (CAB<sup>20</sup> and Age UK) to support customers in this.

Employees and members are encouraged to consider their environmental footprint especially in relation to printing, mileage claims and use of equipment. Sustainability advancements have been delivered with Shropshire Council increasingly using technology with improvements in communications; increased home working, electronic signatures on documents; better secure sharing of documents, virtual member and officer meetings and cybersecurity.

Partnership initiatives, such as the Strengthening Families programme in Early Help has supported whole families; improved school attendance and academic achievement of children and young people, supported family members into employment and lessened the impact of anti-social behaviour on a community or neighbourhood.

Health and Wellbeing Directorate whilst primarily focused on delivering positive outcomes in relation to health, wellbeing and prevention, requires the need to achieve social and economic benefits. The Service is improving an individual or communities' social connections, working with the voluntary and community sector and considering the employment and economic needs of vulnerable people. The Public Health Outcomes Framework has several measures that enable progress to be tracked in these areas, this forms part of the measures both for the Council and our strategic partnership work, including via the Health and Wellbeing Board and the Shropshire Integrated Place Partnership. Environmental benefits are also considered as part of commissioning, contract tender and management processes, alongside operating procedures for internal delivery teams which consider the potential to reduce the negative impact on the environment of their ways of working. Formal Health Impact Assessments are conducted for work programmes and strategies and

<sup>18</sup> The Shropshire Plan brings the Strategic Plan, together with the Financial Strategy, Performance Management Framework and the delivery plans to create the suite of strategic plans and related policy/guidance

<sup>19</sup> Service Design Partnership for health and social care

<sup>20</sup> Citizens Advice Bureau

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

these consider the economic, social and environmental issues, alongside responding to emerging challenges such as the ongoing cost of living crisis and work to support the Social Task Force. Another example is work with our NHS<sup>21</sup> partners through the Population Health Board where economic regeneration and impact on environment are key deliverables.

Commissioning of supported living services considers the economic benefits to the individuals who will be moving into these schemes, that rents are affordable, the care and support provided is of a good quality and a cost that is reasonable and affordable. Accommodation commissioned is chosen with the individual who will be moving in to ensure that they like the area; it enables opportunities for social interaction in the community and independence building; it is adaptable to changing needs to establish a home for life.

The Council aims to comply with the principles of the Chartered Institute of Public Finance Accountancy (CIPFA), Financial Management Code 2019 (FM Code) and where there are outstanding matters or areas for improvement, as part of the wider Refocus Programme aim to address these. The impact of Covid has continued to test financial resilience and will continue to do so in coming years. The medium and long-term planning elements of the FM Code remained challenging.

Shropshire Council is the administering authority for Shropshire County Pension fund. The Local Government Pension Scheme company (LGPS Central Limited) manages nine Local Pension Funds of which the Shropshire County Pension fund is one. Governance arrangements are led by the Company's Board and the Council contributes to the Shareholder Forum.

In Adult Social Care, new policies on direct payments have been introduced following extensive research, co-production and consultation.

The ILACS<sup>22</sup> inspection of Shropshire Children's Services provided positive feedback regarding the Virtual School and aspects of the Education Access Service focussed on Elective Home Education and Children Missing Education.

The embedding of Social Value within the commissioning and procurement processes (including award criteria) are well established and professionally supported. Sustainable development principles are fundamental to the determination of all new development proposals across Shropshire. Embedded in both the locally adopted development plan policies and national guidance. Climate Change continues to be a priority and all Cabinet and Council reports are reviewed to ensure that outcomes consider environmental and climate change benefits, the Climate Change Task force leads and coordinates delivery of the Climate Change Strategy which is targeted to achieve net zero carbon emissions by 2030. A delivery plan underpins the strategy to assist with the various programmes of work to achieve this target.

Waste and Transport Services are clear in their outcomes regarding economic, social and environmental benefits and benchmark themselves against others on this basis.

<sup>21</sup> National Health Service

<sup>22</sup> Inspecting Local Authority Children's Services



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

Funding pressures in Highways has led to a focus on delivering the most amount of improvement to the highway network within the confines of funding constraints. The service trialled a programme of works that considered the carbon impact of activity and the social value that could be delivered alongside it resulting in the first carbon neutral programme of maintenance to be delivered in the country.

Activities at both STAR Housing and Cornovii Development Limited (CDL) are focussed fully across economic, social, and environmental benefits. The development of homes that are affordable to buy or rent and the development of homes that perform to a high environmental standard, whilst maintaining affordability for delivery and occupation are key to both companies.

The Culture, Leisure, Theatre (CLT) service continues to operate with a commercial approach.

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

All decisions are taken correctly by Cabinet, Council or delegation to committees or appropriate officers. Reports are considered by Legal, Finance, Risk Management and lead service areas before decisions are made to ensure they present the information required to fully inform reasoned decision making.

Implications for delivery of services and or increases in resources are reported throughout the Council and with the support of Finance Business Partners services generally do not overspend without appropriate action being taken and where this is not possible, appropriate justification provided. Support is also provided to maximise income generation. Recently introduced financial systems have attracted low internal audit assurances and a Financial Management Refocus project is underway to improve financial information and its management in a consistent way across the Council, progress has been hindered as resources were diverted responding to Covid pressures and recruitment. However, an identified resource for ERP<sup>23</sup> support has been provided, with virtual drop in clinics, improved training and the use of MSTeams for enquiries and communications. New processes have been set up rapidly to manage and pay out significant grants provided as a direct consequence of Covid, increasing energy cost pressures and to support Ukrainian refugees. All seeing systems established from scratch; a lack of timely information from the Government; delivery over tight time periods, with preventative fraud controls and audit trails for reporting requirements to be defined later.

The Capital Investment Board chaired by the s151 Officer oversees significant future investments aligned to Council priorities and key strategic objectives (income generation, reduction in costs, and achievement of social value). The Riverside Development has a clear programme management structure.

Business continuity plans and teams have mobilised quickly to respond to continuing emergencies, including flooding, bird flu, refugee pressures, cyber security attacks and Covid. The Council has worked with partners to optimise the support for those

<sup>23</sup> Enterprise Resource Planning

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

who need it. Resources are still required for the lag effect in some of the grant initiatives, for Covid, Council Tax energy rebates, Refugee and Host payments. A survey to inform treatment of employees going forwards and to learn from their views has been conducted and will help to shape new ways of working. A new multi-agency office hub is to provide for Council accommodation and the overall Shrewsbury Riverside regeneration project has gained approval for a vibrant quayside complex, supporting hospitality, leisure, retail and workspace.

Digital improvements have seen the roll out of a Leisure Application to help with pre booking facilities and another to report Highway issues. The Highway service uses computer modelling to identify the optimum impact of investment and this informed the Council's decision for additional investment into the service. The additional investment has allowed for a more planned approach, that enabled tangible monetary and non-monetary benefits to be delivered within the existing budget.

The Information and Insight team provide data, intelligence and analytics to service areas to assist in decision making. Dashboards have been created utilising Power BI to support the interpretation of information and inform decision making and are being developed as access to data becomes more readily available.

Management Information is provided via the HR Balanced Scorecard on a quarterly basis as well as individual reports to Directorate Management Teams. HR Business Partners provide challenge as required.

In Public Health, all work and interventions are intelligence led, data driven in relation to need and based on reviews of the evidence of best practice, at both strategic and operational levels. Performance is regularly reviewed during supervision, formal appraisal and revalidation processes. Senior Managers engage with professional bodies and groups to review and discuss evidence and participate in regional networks covering specific areas (e.g. Best Start in Life network). The Team undertake a confirm and challenge approach with commissioned providers to ensure the evidence base, data and needs are driving performance and choice of interventions as part of the contract management and quality assurance processes; and operating procedures for internal delivery are informed by the evidence of best practice and assessment of local needs and data.

The Early Help Partnership Board includes the police, health, early years, education, children's social care, voluntary and community sector colleagues in delivering its strategy.

The Community Wellbeing Outreach team works with Health Protection to provide support to local communities to ensure local services are planned and delivered to meet community needs.

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

This has been a full year of activity under the current Chief Executive who completed the recruitment to all but one of the Executive Director posts allowing structures to

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

be aligned and new leadership teams at Assistant Director level to be formulated and recruited, leading to an increasingly stable structure and reduction of temporary and interim posts. A new People Directorate was formed as part of the restructuring.

A High-level Resources Directorate restructure was completed and key appointments made. Strengthened governance arrangements, alignment of ICT (new HoS<sup>24</sup>) with Deputy s151 Officer, widened and enhanced role for Internal Audit as part of a new Governance Team with a focus on continuous improvement by aligning performance, personnel data and approaches.

There is a tangible change at Executive Directors Team (EDT) level and the Senior Leadership Team (SLT) to adopt a single organisational approach, adopting strong governance issues that not only reflect service areas but the needs of the Council as a whole. Significant work on building relationships across these groups and setting expectations is providing the foundations for the next steps.

Section 151 update meetings and Governance meetings with the Monitoring Officer, s151 Officer and Head of Audit are established and undertaken regularly to consider governance issues as they arise.

A full member induction process was delivered to skill and inform those newly elected or holding a new position within the Council. Officers and members understand their respective roles, these are set out in job descriptions and the Constitution. These responsibilities and accountabilities are understood and reviewed on a regular basis. Members continued to receive training throughout the year and performance appraisals are in place for officers. These are under refinement as part of the revised TOM<sup>25</sup>. Members are briefed on new and emerging local government initiatives and the e-learning portal provides other pieces of helpful training alongside information. Both employees and members have mandatory training in cybersecurity, data protection and those with budget responsibilities, financial management.

Employees in the main receive regular supervision, attend team meetings and Executive Management Team information is cascaded for action through Directorate Management Teams, Team meetings and keep in touch sessions. Risks and key issues are escalated upwards through the same processes and shared electronically.

Investment is evident in wellbeing initiatives including Access to Work, supporting employees struggling with their mental health, providing a coaching programme and provision of a mental health professional to help devise support plans. New benefits for employees from health and wellbeing partners designed to improve physical, financial and mental health have been delivered alongside a financial wellbeing surgery for employees experiencing difficulties, especially with the impact and fallout following Covid and increased cost of living. Recruitment to Wellbeing, Green and Digital Champions have been delivered.

The cross-directorate Business Continuity group has provided a good forum to share service pressures across all areas; consider response requirements; explore

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<sup>24</sup> Head of Service

<sup>25</sup> Target Operating Model

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

problems and identify innovative solutions, breaking down barriers and resulting in timely responses or escalation of issues to Executive Directors.

The New Ways of Working employee groups influencing learning from the emergency and current working practices has fed into future working arrangements, including the Getting it Right Work which underpins the Shropshire Plan. Employees have been identified as occasional, regular or essential users and supported based on this. There is a drop in desk approach to the Shirehall and other facilities and an employee car salary sacrifice scheme was launched.

Digital Champion training has continued to improve the use of ICT and support the exploration of embedding IT into practices and processes to maximise efficiencies. There is a continued development and expansion of the learning and development offer through the online learning platform, Leap into Learning, and employees are encouraged to take part in Apprenticeship schemes, their profession's Continuous Professional Development schemes and a number are completing master's at a leadership level. There are a few areas that report such development has been stifled and development stagnated due to funding and a resistance to permit personal growth. The Manager Essentials Handbook and associated training programme is available and new managers are signposted and supported by the HR Teams. It provides additional support to managers at all levels and will be linked to the developing Performance Management System/PDRs and Leadership Development work over the coming twelve months, providing a foundation for improvement in staff awareness and compliance with strong governance approaches.

Officers engage with other Local Authorities, Regional Organisations (West Midlands Employers) and professional bodies (CIPD<sup>26</sup>, PPMA<sup>27</sup>, CIRM<sup>28</sup>, BCI<sup>29</sup>) to improve and seek external assurances. Collaborative procurement activity with other Local Authorities. West Midlands Heads of Procurement Group is helping to deliver efficiencies.

A review of Adult Social Care contract/contractor monitoring and management requirements identified capacity requirements and activities are underway to address these. An Acting Principal Social Worker and Professional Lead for the Mental Capacity Act was crowned overall national winner for Outstanding Individual Contribution at the LGC awards.

in Children's Services 'Stepping-Stones', is established to meet individual needs and work with the whole family to build long lasting and positive outcomes and keep families together.

Employee vacancies across the Council have been high as the impact of Covid continued to impact making reprioritisation of services a daily occurrence and resulting in backlogs in some areas.

<sup>26</sup> Chartered Institute of Personnel and Development

<sup>27</sup> Public Services People Managers Association

<sup>28</sup> Certified International Risk Management

<sup>29</sup> Business Continuity Institute

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

The additional support requirements of the pandemic have continued to be significant for the Finance Team with over £8.4m of funding allocated to cover the costs of COVID this year, in addition to supporting the payment of £34.9m relating to Covid grant schemes which has been passported directly to third parties. The Team's structure and capacity is to be evaluated to ensure that it can deliver the needs of the Shropshire Plan going forward.

Senior management across the Council have undertaken leadership training and future leaders identified are nominated for the corporate programme. Workforce planning including succession provisions within Finance will ensure that employees at all levels of the service have opportunities to develop and move up the structure. A Trainee Accountant programme is in place to provide a flexible resource at a junior level and fill key senior vacancies as the trainees complete their programmes and go on to develop post qualification experience.

Areas of the Council complete benchmarking, for example, Treasury Management and Pensions. Others seek peer reviews to establish their quality and plan for improvements, Internal Audit were externally reviewed and identified as conforming with their mandatory standards by CIPFA.

In the Highway service capacity has been improved from efficiencies driven out of Service improvement plans to be developed further as additional funding is available. Conversely the Transport team are seeing an increasing demand for intervention to maintain services with reducing budgets and capacity. It is recognised that more leadership capacity is needed in these areas to drive change and proposals for a new management structure are being developed. Governance structures have been put in place for key contracts and projects to ensure that there is timely challenge and escalation of emerging issues.

Property teams have amalgamated to manage, develop and support the delivery of growth and income targets of the Council's estates and to underpin the Asset Management strategy.

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

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

Risk registers for key projects involve all relevant parties including external partners to ensure all risks are captured and mitigated. Major projects including the Northwest Relief Road, Shrewsbury Schools Programme, Whitchurch Leisure

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

Centre, Shrewsbury Redevelopment Programme and the Wider Oswestry Economic Project. All have clear governance in place with project boards established.

Software improvements provide control systems to protect assets examples are, access control to public buildings; roll out of an electronic signing system; adjustments to the ERP and other finance systems.

The Council continued to support delivery of Covid activities and pressures for people, businesses, employees and members over delivering other services alongside its own business continuity and emergency planning responses. The year saw Service Recovery Plans continuing and non-essential work stood down. Business continuity challenges were well managed providing speedy responses to ensure the safety of all, compliance with and implementation of Government guidance, improved communications of the issues, increased deployment and use of IT systems for remote working, community support, collation of data and compilation of dashboards such as employees absences, payment of grants to businesses, redeployment of employees, testing of employees showing symptoms, business and council tax relief alongside other grants and minimising the risk of fraud. When the remit to live with Covid was declared, establishments were opened in a controlled manner, with advice and support readily available to the public and stakeholders.

Governance processes have stood up to the Covid challenge with Executive/ Emergency Management Team intervening as necessary to deal with escalated issues. Improvements to processes in some areas are still required to improve efficiencies, such as Payroll. There is now a standard item on Executive Management Team to review Strategic Risks.

New Budget Challenge process launched in July 2021 generated significant ownership of the budget process by Cabinet Members and senior officers leading to the investigation and delivery of solutions to deliver a balanced budget for 2022/23.

The financial impact of Covid continued to see cashflow arrangements and grant funding put in place by Government and arrangements to track extraordinary spend in-year which is to be reported upon. The Council continues to develop medium term financial planning processes in line with best practice, although there remains ongoing uncertainty over key elements of grants receivable from central government. Additionally, the transition from "MHCLG" to "DLU" as the main point of contact in central government for local government has brought with it changes in policy emphasis which the Council is keeping under review. The Council has reviewed current processes in terms of the key criteria set out by CIPFA in their 'financial management' code; no significant issues have been identified and the Council is confident in its compliance with all the basic requirements of this code. Further work will be done in 2022/23 in relation to this, including development of plans to ensure good financial management is embedded fully in the, and reporting progress on this to members. Establishments were supported alongside other key areas in their budget monitoring with Finance Business Partners and regular meetings.

Most financial decisions are reported through to Cabinet, Council and Scrutiny Committee in an appropriate and transparent basis and challenge welcomed from

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

members and officers. There have been occasions where projects were implemented or launched without the relevant Finance involvement which meant that budget adjustments had to be made in response. All budgets, actuals and variances are reported regularly with supporting information trails. The Financial Strategy identifies a short-term budget plan and a long-term aspirational plan linked to the Corporate Plan for a self-sustaining Council. A full risk assessment is undertaken in support of this. Final Accounts are produced on time and in-line with best practice. External audit review and reporting on closure of the 2021/22 accounts is awaited and to date all accounts have an unqualified audit opinion. In addition, based on the work they performed, External Audit concluded that the Council had proper arrangements in all significant respects to ensure it delivered value for money in its use of resources for the year ending 31 March 2020, March 2021 is outstanding.

The Council approves the Robustness of Estimates and Adequacy of Reserves paper each year. This report demonstrates the financial resilience of the Council, for example: the need to hold a General Fund Balance with a target level and explanations for variance, details and categorisation of all earmarked reserves and provisions and details of previous year outturn variances.

All managers have an allocated member of the Finance Business Partner Team who takes them through monthly forecasting procedures and budget management expectations when they start in post. A dashboard of financial performance is shared and discussed at each management team meeting. This includes a RAG<sup>30</sup> rating for each of the primary codes within the service. Budget forecasting is completed on the Finance system each period.

A financial management framework is operating to ensure public monies are managed appropriately for both revenue and capital funds. Financial Accountabilities Framework launched to ensure all budget holders are aware of their responsibilities in managing budgets. Robust financial internal controls managed and maintained across financial processes and systems. Where issues identified in the control environment, risks are considered and action plans put in place to improve control. Responsibility for managing strategic financial risks identified and regularly reviewed.

Internal Audit sets a risk assessed programme, identifying the key areas for review and assurance, this is agile and adjusts in response to changing risks throughout the year. Audit plans were regularly revisited and resources redeployed to help design and deliver processes and activity in response to Covid which provided a continuing level of assurance to the Council's management of the situation. High risk areas not subject to audit continued to be identified to enable senior management and members to gather and seek direct assurance as necessary. Audit Committee undertakes a regular self-assessment, challenged by officers and External Audit, and regular training sessions based on the identification of areas for improvement and key risks and fundamental knowledge-based needs; assurances on the response to Covid were a feature of these. Over the year service managers have been required to attend Audit Committee to provide assurance not otherwise secured on their governance, control and risk management environment. Based on the Internal Audit work, support to the Council in responding to the Covid pandemic and management

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<sup>30</sup> Red; Amber; Green

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

responses received; the Head of Audit reports limited assurance for the 2021/22 year on the Council's framework for governance, risk management and internal control. She reported a continuing and increased number of high and medium risk rated weaknesses identified in key individual assignments that are significant in aggregate but where discrete parts of the system of internal control remain unaffected. Management of Coronavirus has introduced unprecedented pressures and responses, and this inevitably has impacted on her opinion. Managers' priorities have been diverted to business continuity pressures and this has removed capacity to plan and deliver improvements to known internal control processes, leading to maintained and increased risks in some areas that may impact on delivery of the Council's objectives. The year has continued to be challenging with the embedding of key fundamental line of business systems (financial and human resources), changes of key managerial posts, alongside a challenge to deliver savings, increase income and respond to changing Coronavirus pressures, at times on a daily and weekly basis.

Information management training is compulsory for all employees and compliance is reported through to the SIRO. All data has assigned owners, who are regularly reviewed. Information Asset Owners complete annual Information Governance Assurance Statements. Data is held across many systems by different teams. It is stored on secure drives and databases that are protected in accordance with approved policies. Flowz, an information management system, provides a more consistent approach to the management of data assets.

OFSTED<sup>31</sup> Inspection for Children's Services confirmed good compliance with legal framework, policies, procedures and practice guidance, An Early Help Performance framework is fully embedded ensuring data is scrutinised at a senior level and informs the service going forward. Regular reporting to the Schools' Forum on financial matters related to the Dedicated Schools Grant and funding blocks included within the grant covering central services, early years, schools and high needs is delivered. Consultation with schools and academies is completed via a central forum. The risk register for the Local Area SEND partnership is held by the SEND Partnership Board and reviewed by key partners.

The allocation of the ring-fence Public Health Grant is scrutinised by OHID and Council committees. The team participate in formal audit processes. Employees will develop information sharing agreements as required, with identified information asset owners and regularly review and update the Business Continuity Plan for the service.

There are several areas such as revenues, waste, transport etc. which report strong internal controls, in other areas, highways and some of the main resource systems, improvement plans are being implemented and refined as progressed to ensure that they remain fit for purpose.

Housing have seen the initiation of Cornovii Developments Limited (CDL) to deliver affordable housing and delivery against recommendations from an earlier independent governance review.

<sup>31</sup> OFSTED: Office for Standards in Education, Children's Services and Skills.



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

As a public body, the Council has a high level of transparency in its activities and reporting and complies with the relevant legislation. Information is reported and shared through various routes including Council, Cabinet, Scrutiny Committees and with partners, via for example the Neighbourhood Plans, Place Plans, Local Plan Review, Planning Applications and local Economic Growth Strategies. The Place Plans have also been the subject of a Shropshire Association of Local Councils working group. The Members' Portal has provided greater access to information and regular briefings are held with portfolio holders and ward members are engaged on local matters.

Reporting continues to Executive Directors through the Commissioning and Assurance Board which seeks contract assurance information and evidence of managing small and medium enterprises, local procurement expenditure, contract signature authorisation and progress of contracts. The Commissioning and Assurance Board allows for stakeholder engagement, integral in managing key decisions. It reviews the top 200 contracts (by spend) to consider engagement, client relationship and contract management risks; it has oversight of agency arrangements (value, emerging issues, risks, direction of travel, spend within and without preferred provider and associated recruitment issues).

There is wide advertising of procurement opportunities (Website, Twitter, UK Contract Finder, UK tender finder, Delta e-sourcing) Contracts awarded and procurement information is updated monthly on our websites and full, detailed and timely feedback is available to all unsuccessful bidders.

The Information Governance Legislation and Oversight Group oversees the implementation of Information Security policies based on best practice, its terms of reference and practices have been reviewed and refined.

All directorates hold regular meetings and cascade information up and down to all including financial and performance statistics. An example is Adult Services where daily monitoring of hospital discharges has enabled timely action to meet and exceed government targets regarding performance. The Council is in the upper quartile in the majority of ASCOF<sup>32</sup> indicators for local authorities in the West Midlands.

Statutory returns including grants, are targeted for completion in an accurate and timely fashion. Survey, customer complaints and compliments are reported openly and used to improve service delivery.

All service areas are subject to internal audit review based on risk. Internal Audit recommendations are considered by the senior team on a regular basis for good housekeeping and to identify additional learning. The information also provides a position statement on the risk appetite of the control environment and its resilience to any challenges. During Internal Audit week awareness of and the benefits from an Internal Audit were promoted through various social media channels and the Intranet.

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<sup>32</sup> Adult Social Care Outcomes Framework

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

Annually the Statement of Accounts is published on the Council's website and financial transparency data provided aligned to the Open Data and Transparency Code and all External Audit recommendations are addressed.

The External Auditor had not concluded their Audit Findings for the year ended 31 March 2021, due to clarification on the derecognition of Highways valuations.

### Significant governance issues

Satisfactory governance exists but improvements are required to ensure it is fully embedded and integrated across all areas of the Council. To achieve this, the main challenges facing the Council appear in the **Appendix** below with energy focused on achieving a balanced budget and seeking fairer funding. A structural funding gap reported in the Financial Strategy of £65.0m in 2023/24. This is including assumptions made re growth in services such as social care which is expected to increase. Delivering a legal and balanced budget remains the key strategic risk facing the authority in the medium to long term.



Leader



CEO



## Appendix: Significant governance issues

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

	Targeted outcome	Strategic Risk	Activity	Sponsor	Completion date
1.	To provide a care and support service to adults appropriate to their needs.	Ability to fund Adult Services	<p>Fairer funding exercise completed with the care market.</p> <p>Updated growth model to improve forecasting and model social care reform impacts.</p> <p>Development of joint commissioning arrangements</p> <p>Development and delivery of early intervention strategy and the review and redesign of pathways.</p>	ExDir <sup>33</sup> People	<p>Sept 2022</p> <p>October 2023</p> <p>Sept 2022</p> <p>Sept 2022</p>
2.	To provide a care and support service to children appropriate to their needs.	Ability to fund Children's Services	<p>Stepping Stones model to be implemented, purchase of new property.</p> <p>Development of a growth model.</p>	ExDir People	<p>Sept 2022</p> <p>March 2023</p>

<sup>33</sup> Executive Director

	Targeted outcome	Strategic Risk	Activity	Sponsor	Completion date
			Review of contract and commissioning arrangements for children and adult services.		July 2022
3.	To reduce the risks and impact of attacks and have a clear recovery plan in the event of one.	Cyber Attack	Ensure all staff and members complete annual training.  Investment in improved monitoring solutions.  Achieve external accreditation e.g. Cyber Essentials Plus.	CEO  ExDir Resources	April 2022  May 2022  March 2023
4.	To keep children safe.	Failure to safeguard vulnerable children	Monitor impact of the change of mental health provision.	ExDir People	July 2022
5.	To ensure that all stakeholders are safely recovered from the impact of Covid.	The response to and the recovery from Covid on the Council and the continuation of service delivery	Managing the displacement of staff responding to the pressures from Covid.	Chief Executive/ Head of the Paid Service	June 2022
6.	To reduce and mitigate the impact of increased demands on Council Services from the impact of climate change and therefore to life.	The effects of climate change	Replace street light lanterns with energy efficient LED.  Fit electric vehicle chargers at park and ride sites; Council buildings and car park sites.	ExDir Place	March 2021  October 2022

	Targeted outcome	Strategic Risk	Activity	Sponsor	Completion date
			<p>Delivery of scheme assisting staff to reduce their carbon footprint.</p> <p>Establishment of Carbon credits opportunities for carbon reduction.</p> <p>Procurement updates for carbon performance improvements.</p> <p>Feasibility study - capturing waste heat project.</p> <p>EV promotional event.</p> <p>Environmental performance design for SC new buildings – e.g. Pool and Pride Hill.</p>		<p>December 2023</p> <p>September 2022</p> <p>December 2022</p> <p>June 2022</p> <p>September 2022</p> <p>December 2022</p>
7.	Deliver Projects that achieve savings targets and brings in sustainable income for the Council whilst maintaining a healthy commercial portfolio.	Failure to deliver the Commercial Strategy within agreed timescales and to levels approved by Council within the Financial Strategy prevents the Council from meeting savings targets and corporate outcomes.	Refocus programme manager to work with P3M Community of Practice to develop standards to improve selections and deliverability of projects and achieve savings targets.	ExDir Place	November 2022

	Targeted outcome	Strategic Risk	Activity	Sponsor	Completion date
8.	A balanced budget is delivered.	Inability to deliver a balanced budget.	Tactical budget proposals taken forward.  Lobbying of Government for certainty over funding.	ExDir Resources	July 2022 to February 2023  July 2022
9.	Staff are healthy and happy.	Failure to manage and mitigate the mental health and well-being of staff	Analysis of mental health and well-being of staff absence data and dashboard development  Management training provision; Trauma resilience; Mental Health awareness and resilience.	ExDir Resources	April 2022  June 2022
10.	Adults are safe.	Failure to safeguard vulnerable adults	Monitor performance of service against delivery plans.  Reconfiguration of the CAMH <sup>34</sup> s for young people underway.  Broadening capacity in START team.	ExDir People	September 2022  December 2022  December 2022
11.	Establishment of robust co-produced Health and Care system to deliver the desired outcomes.	Impact of pressures in the wider Health and Care system	Advice sought, consultation undertaken on governance processes and training provided to members and officers.	ExDir Health, Wellbeing and Prevention, Public Health	June 2022  September 2022

<sup>34</sup> Child and adolescent mental health service.

	<b>Targeted outcome</b>	<b>Strategic Risk</b>	<b>Activity</b>	<b>Sponsor</b>	<b>Completion date</b>
			Shift of funding to communities.	and General Management	September 2022

# Annex A

## ANNUAL GOVERNANCE STATEMENT (AGS) ASSURANCE FRAMEWORK

