

Scope of Responsibility

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

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

The Council has a Local Code of Corporate Governance, which is being revised in line with the latest principles of the Chartered Institute of Public Finance and Accountancy/ Society of Local Authority Chief Executives (CIPFA/SOLACE) Framework Delivering Good Governance in Local Government. The new principles have been adopted in this statement.

The Council is also responsible for the strategic management and administration of the *West Midlands Pension Fund* with the Council's Managing Director, Monitoring Officer and Section 151 Officer holding specific responsibilities for supporting both the members of the Pensions Committee and the Local Pension Board in their role.

Wolverhampton Homes is the Council's Arm's Length (Housing) Management Organisation (ALMO) and is a company wholly owned by the Council. The control of the ALMO is through the Board which has representatives drawn from 1/3 council, 1/3 tenants and 1/3 independent. There is a Management Agreement between the Council and Wolverhampton Homes which sets out the contractual and governance arrangements between the parties.

The Purpose of the Governance Framework

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

Risk management and internal control are a significant part of the governance framework and are designed to manage risk to a reasonable level. They 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 systems of risk management and internal control are based on an on-going process designed to identify and

prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Council for the year ended 31 March 2018 and up to the date of approval of the annual report and statement of accounts.

The Council has a Corporate Plan with the following aims and themes

Place Stronger Economy

Delivering effective core services that people want An environment where new and existing businesses thrive People develop the skills to get and keep work

Keeping the city clean Developing a vibrant city Improving our critical skills and employability approach
 Keeping the city moving Supporting businesses, encouraging enterprise and attracting inward investment
 Improving the city housing offer

People Stronger Communities

People live longer, healthier lives Adults and children are supported in times of need People and communities achieve their full potential

Promoting and enabling healthy lifestyles Safeguarding people in vulnerable situations Challenging and supporting schools to provide the best education for children and young people
 Promoting independence for older people Strengthening families where children are at risk Enabling communities to support themselves
 Promoting independence for people with disabilities Keeping the city safe

Confident, Capable Council Stronger Organisation

Future Council - stronger council ready and able to deliver change



[NOT PROTECTIVELY MARKED]

These are underpinned by the governance environment. This environment is consistent with the core principles of the new CIPFA/ SOLACE framework. In reviewing the Council’s priorities and the implications for its governance arrangements, the Council carries out an annual review of the elements that make up the governance framework to ensure it remains effective.

The key elements of the systems and processes that comprise the Council’s governance framework, and where assurance against these is required, are described below.

Core principles of the CIPFA/ SOLACE framework	Assurances required	Governance framework providing assurance	Review of Effectiveness	Issues identified
<ul style="list-style-type: none"> Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law. Ensuring openness and comprehensive stakeholder engagement. Defining outcomes in terms of sustainable economic, social, and environmental benefits. Determining the interventions necessary to optimise the achievement of the intended outcomes. Developing the entity’s capacity, including the capability of its leadership and the individuals within it. Managing risks and performance through robust internal control and strong public financial management. Implementing good practices in transparency, reporting, and audit to deliver effective accountability. 	<ul style="list-style-type: none"> Delivery and communication of an agreed corporate plan Quality services are delivered efficiently and effectively Clearly defined roles and functions Management of risk Effectiveness of internal controls Compliance with laws, regulation, internal policies and procedures Value for money and efficient management of resources High standards of conduct and behaviour Public accountability Published information is accurate and reliable Implementation of previous governance issues 	<ul style="list-style-type: none"> The Constitution (including Head of Paid Service, Chief Financial Officer and Monitoring Officer) Council, Cabinet and Committees Audit and Risk Committee Scrutiny function Standards Committee Internal and External Audit Strategic Executive Board Wider Leadership Team Directors Assurance Statements Corporate and Business plans Medium Term Financial Strategy Corporate Risk Register and Assurance Map Codes of Conduct Business Planning and Performance Management Framework Whistleblowing and other anti-fraud related policies Complaints System Financial Procedures Rules Contract Procedure Rules modern.gov (the council’s committee management information system) 	<ul style="list-style-type: none"> External Audit Report to Those Charged with Governance (ISA 260) Report – unqualified opinion Annual Internal Audit Report - unqualified opinion Annual Audit and Risk Committee Report to Council 2017 Local Government Association (LGA) Corporate Peer Review – positive outcome 2017 Ofsted inspection of Children’s Services – judged “Good”. Annual Statement of Accounts Local Government Ombudsman Report Scrutiny reviews Annual Governance Statement – including the follow up of previous year issues 	<ul style="list-style-type: none"> Medium Term Financial Strategy Procurement, Contract Management and Monitoring Corporate Landlord West Midlands Combined Authority Cyber Security Project Governance General Data Protection Regulations Arm’s Length Management Organisation Housing Partnership Tenant Management Organisations Residential Site Management Housing Policies

The Review of Effectiveness

The Council has a responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. This review is informed by the work of councillors and senior officers within the Council who have responsibility for the development and maintenance of the governance framework including Internal Audit's annual report, the scrutiny function and also by reports made by the Council's external auditors and other review agencies and inspectorates. The above table helps illustrate this framework, where assurance is provided and the processes through which the effectiveness of these arrangements are reviewed.

Opinion for 2017-2018

The review of effectiveness has found the arrangements for the governance framework to be fit for purpose.

A key component of the review is through the work of the Council's Audit and Risk Committee and during the year the Committee continued with its new initiatives, helping to ensure that the Council had a modern, effective and risk focussed Committee. During the year they:

- Maintained the focus of the Committee on the Council's risk management arrangements, gaining an increased assurance that the Council was managing its risks well. This also involved the Committee 'calling-in' certain risks and their risk owners, for a more detailed review.
- Hosted a regional Audit Committee Forum in partnership with top accountancy firm Grant Thornton UK LLP. This event saw councillors and Audit Committee members from local authorities come together to discuss key themes and their governance responsibilities.
- Maintained a strong working relationship, through regular progress meetings, with the Council's External Auditors Grant Thornton, the Internal Auditors and Senior Officers. There was also further engagement with Grant Thornton, through regular consideration of their informative Audit Committee Update publications at Committee meetings.

Internal Audit

Internal Audit has reviewed itself against the governance arrangements set out in the CIPFA Statement on the Role of Head of Internal Audit and the Council is able to confirm that the arrangements conform to these requirements. The Council is also able to confirm compliance with the Public Sector Internal Audit Standards and in March 2018 the Audit and Risk Committee approved the option for the council's internal audit team to undertake a self-assessment with independent valuation early in 2018-2019.

Internal Audit has concluded that based on the work undertaken during the year on areas of key risk, the implementation by management of the recommendations made and the assurance made available to the Council by other providers as well as directly by Internal Audit, it can provide reasonable assurance that the Council has adequate and effective governance, risk management and internal control processes".

Managing the risk of Fraud and Corruption

With regards to the CIPFA Code of practice on managing the risk of fraud and corruption - having considered all the principles, the Council is satisfied that it has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud. The activities undertaken in this area were primarily led during the year by the Audit and Risk Committee.

CIPFA's Statement on the Role of the Chief Financial Officer in Local Government

The role of the Council's Section 151 Officer has been assessed against the CIPFA Statement and found to be compliant.

Key changes to the governance framework

There were no key changes to the governance framework during the year. However, in February 2018 the Cabinet approved a new senior management structure which will come into effect during 2018-2019.

West Midlands Pension Fund

The West Midlands Pension Fund has completed its own "Assurance Framework – Supporting the Annual Governance Statement" which identified that there had been no adverse matters arising from the work behind their assurance framework.

Wolverhampton Homes

Wolverhampton Homes have included a Statement of Corporate Governance within the Company's Financial Statements for 2017-2018. This states that the control framework has been reviewed by the Company's Audit Committee on behalf of the Board of Wolverhampton Homes and found to be effective. The review included an assurance statement from the Company's internal auditors.

Progress on the Governance Issues from 2016-2017

The table below describes the governance issues identified during 2016-2017 and the progress made against these during 2017-2018. While a number of issues have been carried forward to 2018-2019, these often relate to a range of on-going activities that develop as issues are addressed and programmes continue.

2016-2017 - Key areas for Improvement	In-year update provided as at 31 October 2017	End of year update
<p><i>Savings Targets</i> This continues to be a key area for the Council to manage as it is faced with finding savings of £20.5 million by 2019/20. As part of this process £14.9 million of additional savings is to be identified for 2018-2019 and reported to Cabinet, in order to demonstrate that a balanced budget can be achieved in 2018-2019.</p>	<p>On 18 October Cabinet approved that:</p> <ul style="list-style-type: none"> • That Financial Transaction and Base Budget Revisions totalling a net reduction of £12.5 million in 2018-2019 be incorporated into the 2018-2019 draft budget. • A one-off base budget revision to the Treasury Management budget totalling £1.0 million for 2018-2019. • The one-off use of £700,000 from the Job Evaluation reserve in 2018-2019. • The use of capital receipts totalling £2.7 million to fund the revenue cost of transformational projects that are anticipated to deliver efficiencies <p>Cabinet also approved a number of changes to items in the Medium Term Financial Strategy. As a result of the recommendations approved by Cabinet the Council is projected to be able to set a balanced budget for 2018-2019.</p> <p>Budget consultation and scrutiny will be undertaken during November and December the outcome of which will be reported back to Cabinet.</p>	<p>Council approved a balanced budget for 2018-2019 without the use of general reserves. It is estimated that further savings of £19.5 million will need to be identified for 2019-2020.</p> <p>Council approved that work starts on developing budget reductions for 2019-2020 and that progress be reported to Cabinet in July 2018. It is important to note that the updated projected budget deficit assumes the achievement of budget reduction proposals amounting to £28.3 million over the two year period to 2019-2020. <i>(Carried forward)</i></p>

<p><i>Procurement, Contract Management and Monitoring</i></p> <p>Following the recruitment of the Contract Manager post a standard approach to performance monitoring and contract administration is to be developed during 2017-2018.</p>	<p>A team of four commercial and contract management staff have been recruited and the Council's strategic and high value contracts are being actively managed i.e. Waste Treatment, Waste Collection and Recycling, Leisure PFI, Yoo Recruit Partner.</p> <p>A pilot of contract management training has been undertaken with the Housing Team this will be rolled out across other service teams in 2018-2019.</p>	<p>The contract management team is now established and working with the relevant services teams. Contract management training is being rolled out across service teams and being tailored to their specific requirements. This will continue during 2018-2019.</p> <p><i>(Carried forward)</i></p>
<p><i>Combined Authority</i></p> <p>Following the election of the new Mayor in May 2017, the Council will be working with their office in order to maximise the benefits the Combined Authority will bring to the city.</p>	<p>Excellent relationships have been built with the Metro Mayor and his office. This has resulted in the City of Wolverhampton getting a high profile and additional funds for the train station and other projects.</p>	<p>Portfolio responsibilities on the Combined Authority's Board have been agreed, and are held by each Leader, with Transport assigned to Councillor Roger Lawrence.</p> <p>The Authority has successfully recruited a senior leadership team comprising a chief executive, director of housing and regeneration, director of skills and productivity, director of public service reform, director of strategy and director of corporate resources.</p> <p>The budget for 2018-2019 was approved at its meeting in February.</p> <p>The devolution deal 2 was agreed with Government in November 2017 and covers a number of areas where the Government has committed to support the West Midlands as it develops its Local Industrial Strategy to drive regional economic growth.</p> <p>A delivery plan for the devolution deal has been developed and work is underway to plan delivery impact within Wolverhampton.</p> <p><i>(Carried forward)</i></p>

<p><i>Corporate Landlord</i></p> <p>Strategic Asset Plan - to develop the Strategic Asset Plan with CIPFA.</p> <p>Asset Challenge- to develop a utilisation template and consider life-cycle condition surveys as part of the future FM Delivery Model</p> <p>Data Management - to rationalise systems and introduce a data intelligence solution.</p>	<p>Strategic Asset Plan – all stakeholder engagement sessions have been held with CIPFA and the draft Strategic Asset Plan is expected by the end of December 2017.</p> <p>Asset Challenge – three workshops have taken place and to date have identified a potential 45 further buildings that could be included in the Medium Term Financial Strategy Disposal Programme. The next step will be to asset challenge the Council’s land holdings.</p> <p>Data Management – the Focal 365 Business Intelligence Solution is in full production and will be implemented by March 2018.</p>	<p>A draft Strategic Asset Plan has been produced and is to be finalised by the end of June 2018. The Disposal Programme for 2018-2019 and 2019-2020 has been identified and the delivery of the programme is in progress. Focal 365 has been implemented, data migration and cleansing is in progress and the system is being utilised.</p> <p><i>(Carried forward)</i></p>
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Action Plan for the Significant Governance Issues identified during 2017-2018 which will need addressing in 2018-2019

Based on the Council’s established risk management approach, the following issues have been assessed as being key for the purpose of the 2017-2018 annual governance statement. Over the coming year appropriate actions to address these matters and further enhance governance arrangements will be taken.

2017-2018 - Key areas and actions for implementation	Responsibility and expected implementation date
<p><i>Savings Targets (brought forward)</i></p> <p>This continues to be a key area for the Council to manage as it is faced with finding savings of £19.5 million by 2019-2020.</p>	<p>Director of Finance July 2018</p>
<p><i>Procurement, Contract Management and Monitoring (brought forward)</i></p> <p>Following the establishment of the contract monitoring team, contract management training is being rolled out across service teams and being tailored to their specific requirements.</p>	<p>Director of Commercial Services March 2019</p>

<p><i>Combined Authority (brought forward)</i></p> <p>The devolution deal 2 agreed in November 2017 covers a number of areas where the Government has committed to support the West Midlands as it develops its Local Industrial Strategy to drive regional economic growth. The deal sets out a number of initiatives on public service reform, ways in which the West Midlands could have more control of financing its activities, new arrangements for the adult skills budget and agreed governance changes, including a commitment to integrate the West Midlands Fire and Rescue Service into the Combined Authority, whereby a public consultation has been completed and will be submitted to the Secretary of State alongside the draft Scheme. A delivery plan for the devolution deal has been developed and work is underway to plan delivery impact within Wolverhampton.</p> <p>A devolution deal for the adults skills budget is also progressing. The Adult Education Budget (AEB) grant funds activity in Further Education (FE) Colleges, Local Authority Adult and Community Learning services and at a much smaller scale through contracts with private training providers. Key Features include implementing a governance structure that ensures the Combined Authority is engaged with the Department so that there is an understanding of how post 16 policy aligns to AEB allocations and helping to achieve objectives for adult funding.</p> <p>In March 2018, the Chancellor announced in the Government's Spring Statement, a Housing Deal for the Combined Authority, of £350 million of new Government funding to support the delivery of new homes in the West Midlands. The funding will deliver infrastructure to support the development of priority sites including in and around Wolverhampton.</p> <p>Following discussions with Birmingham City Council, it has been agreed from a governance perspective that the transport plan, operations and infrastructure delivery for the Commonwealth games will be led by Transport for West Midlands with Birmingham City Council leading on infrastructure delivery. There are a number of named funded schemes in the bid, including the completion of the Metro in Wolverhampton city centre.</p>	<p>Managing Director</p> <p>Ongoing programme of work</p>
<p><i>Corporate Landlord (brought forward)</i></p> <p>A draft Strategic Asset Plan has been produced and is to be finalised by the end of June 2018. The Disposal Programme for 2018-2019 and 2019-2020 has been identified and the delivery of the programme is in progress. Focal 365 has been implemented, data migration and cleansing is in progress and the system is being utilised.</p>	<p>Director of Commercial Services</p> <p>March 2019</p>

<p><i>Cyber Security (New)</i></p> <p>Maintaining robust, secure and up-to-date technology defences continues to be the Council's first line of defence against cyber-attacks. Regular maintenance of the cyber security technical defences is required to address identified vulnerabilities. System back-up's will continue to be undertaken in accordance with agreed time-tables and practise restores to the Council's non-production area are ongoing to ensure that back-ups have been undertaken correctly and can be restored.</p> <p>Preparation for the next PSN Certification has begun, the certification is due in June. Prior to this internal and external health checks will be undertaken to identify any vulnerabilities which will then be addressed prior to the renewal of the certification.</p> <p>An independent body will be commissioned to undertake a health-check review, once completed any recommendations arising from this will be actioned.</p> <p>Information Security and Cyber-Security policies will continue to be regularly reviewed and updated to ensure they are keeping pace and addressing potential threat opportunities.</p> <p>Employee awareness of potential threats and good working practices, through mandatory and associated training will continue in order to enhance the understanding of cyber security and good working practices, helping to minimise the opportunities.</p>	<p>Director of Commercial Services March 2019</p>
<p><i>Project Governance including the Civic Halls (New)</i></p> <p>In January 2018, the Council approved a further £23.7 million for a new scheme for the Civic Halls on the basis of a revised business case to address significant building fabric, structural and management issues following detailed technical surveys and reviews that were undertaken in 2017. Additional works include a substantial number of items not included in the original scheme such as a new electrical and engineering system, major structural work, including a new roof and the latest safety and security measures.</p> <p>A new governance and project management structure is being put in place, commensurate with the scale and complexity of this scheme, including the appointment of a more experienced Project Manager and a specialist in risk management. The new project includes a range of work-streams alongside the main design and construction works.</p> <p>Also, Audit Services have recently undertaken a lessons learned review in order to prevent similar issues with future projects. Once this report has been finalised, the recommendations arising from it will be implemented in accordance the agreed timescales.</p> <p>This framework will also be adopted for all future projects of this size, while for smaller projects the Council is introducing a local approach to project assurance which will encompass a series of gateway reviews.</p>	<p>Director of Commercial Services March 2019</p>

<p><i>General Data Protection Regulations (New)</i></p> <p>The Council is putting into place appropriate policies, procedures and technologies to ensure that the handling and protection of its data is undertaken in a secure manner and consistent with both the provisions of the current Data Protection Act 1998, the new Data Protection Bill (which will become the Data Protection Act 2018) and the General Data Protection Regulation (GDPR) which comes into force during May 2018, and a work programme has been developed.</p>	<p>Director of Commercial Services March 2019</p>
<p><i>Arm's Length Management Organisation Housing Partnership - Residential Landlord Services (New)</i></p> <p>New Service Level Agreements and management arrangements are being put in place for the delivery of Homelessness Prevention Services/Housing Option Services, Disabled Facilities Grants, Affordable Warmth and Home Improvement Agency Services with Wolverhampton Homes, following the 'transfer' of these services in December 2017. A legal review of the ALMO Management Agreement commenced in February 2018 and will be presented to Cabinet in July 2018 making any necessary recommendations to amend Management Agreement monitoring and/ governance and/or legal operating arrangements.</p>	<p>Service Director – Housing March 2019</p>
<p><i>Tenant Management Organisations - Residential Landlord Services (New)</i></p> <p>An employee 'desk top' review commenced in February 2018 of these partnerships. Further to this review, an audit schedule has been agreed for 2018-2019 for all four TMOs operating in the City. Management Agents have been notified of the forthcoming audits commencing in May 2018. A number of TMO 'Modular Management Agreements' are not currently in place. New Key Performance Indicators (KPIs) for Landlord Services (including Health and Safety) monitoring are to be reported from Quarter 1 in 2018-2019. TMO operational performance and KPIs continue to be reported to the Cabinet Performance Panel.</p> <p>Dovecotes TMO has been placed under a performance improvement arrangement (via a Performance Improvement Plan agreed with Dovecotes TMO Board in March 2018), for six months due to concerns around governance and performance. An outcome of a Housing Ombudsman Inquiry was also pending at March 2018.</p> <p>Bushbury Estate Management Board (TMO) continues its Application and Business Case to the Secretary of State and Minister of Housing , Communities and Local Government to enact the Right to Transfer of approximately 830 council freehold homes to a Preferred Transfer Partner by April 2019. The City continues in its duty to co-operate in the Right to Transfer legislative process.</p>	<p>Service Director – Housing March 2019</p>

<p><i>Residential Site Management Agreement (New)</i></p> <p>A review of the existing arrangements for Residential Site Management commenced in March 2018. A draft Management Agreement has been produced, but was not engrossed as at March 2018. It is anticipated a new interim Management Arrangement will be put in place by the end of Quarter 1 in 2018-2019, whilst a longer-term review of management options is undertaken in consultation with partners, residents and Wolverhampton Homes.</p>	<p>Service Director – Housing March 2019</p>
<p><i>Housing Policies (New)</i></p> <p>City Housing Allocations Policy – Cabinet received a report in April 2018 to ensure the City Housing Allocations Policy with Amendments meets the new requirements of the new Homelessness Reduction Act 2018. Landlord Management Agents will be required to operate in accordance with the Amended Housing Allocation Policy. Operational measures have been put in place with the ALMO (Wolverhampton Homes) to ensure operational compliance from 1 April 2018. A further Review (including formal consultation) of the Allocations Policy, including an Equality Impact Assessment is planned by Quarter 3 2018-2019</p> <p>Private Housing Assistance Policy – A new Private Housing Assistance Policy is being developed to ensure continued compliance with the Regulatory Reform (Housing Assistance) England and Wales Order 2002, Housing, Grants and Construction and Regeneration Act 1996 and the Housing Act 2004.</p> <p>Housing Right to Buy Policy – A report to Cabinet making recommendations to revise four elements of the Right to Buy Policy is to be presented to Cabinet by June 2018 to ensure continued compliance with Housing Act 1985</p> <p>Housing Enforcement / Illegal Evictions – There is currently no City Policy or resources in place to administer legal requirements under Protection from Eviction Act 1977 and Housing Act 1980. A proposal to resource and develop a new service offer is to be developed. The option of an interim resource arrangement with another Local Authority will also be considered.</p> <p>Prevention of Homelessness Strategy – A draft Homelessness Strategy is being consulted upon in readiness for Members consideration in June 2018. This would meet the obligations of the Homelessness Act 2002 and Code of Guidance.</p>	<p>Service Director – Housing March 2019</p>

Future Assurance

A progress report on the implementation of the above actions from the key areas will be produced by Audit Services and reported to the Audit and Risk Committee during 2018-2019.

Certification

To the best of our knowledge, the governance arrangements, as outlined above have been effectively operating during the year with the exception of those areas identified as requiring improvement. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified during the review of effectiveness and will monitor their implementation and operation as part of our annual review.



Roger Lawrence, Leader of the Council

Date:



Keith Ireland, Managing Director

Date: