

Annual Governance Statement

The Annual Governance Statement explains the Council's governance arrangements as it meets the requirements of the "Code of Practice for Local Authority Accounting in the UK" (the Code) and reports on the effectiveness of its system of internal control, including the reliance placed on the governance frameworks of our partners. It is included within the Council's Financial Statements to assure stakeholders on how the council directs and controls its functions and how it relates to communities in order to enhance transparency and scrutiny of the Council's activities.

Scope of Responsibility

West Dunbartonshire 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. It also has a statutory duty to make arrangements to secure best value under the Local Government in Scotland Act 2003.

In discharging this overall responsibility, the council's Members and Corporate Management Team (CMT) are responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk. The council has established an arms-length external organisation: West Dunbartonshire Leisure Trust – to deliver leisure services more effectively on the council's behalf, which reports regularly to Elected Members. From 1 July 2015 the West Dunbartonshire Health and Social Care Partnership was established to continue the development of the integration of social care and health services between the council and NHS Greater Glasgow and Clyde.

The Council has approved and adopted a Local Code of Corporate Governance ("the Local Code"), which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) Framework: *"Delivering Good Governance in Local Government"*. The Local Code evidences the council's commitment to achieving good governance and demonstrates how it complies with the governance standards recommended by CIPFA. A copy of this Code is available from the council website at:

<http://www.west-dunbarton.gov.uk/media/4312582/wdc-local-code.pdf>

This statement explains how the council expects to comply with the Local Code and also meets the Code of Practice on Local Authority Accounting in the UK, which details the requirements for the Annual Governance Statement.

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 through which it accounts to and engages with communities. It enables the council to monitor the achievement of the strategic objectives set out in the Strategic Plan. It enables the council to consider whether those objectives have led to the delivery of appropriate and value for money services.

The council has put in place a system of internal financial control designed to manage risk to a reasonable level. Internal controls cannot eliminate risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal financial control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Council for the year ended 31 March 2020 and up to the date of the approval of the Statement of Accounts.

The Governance Framework

The main features of our governance arrangements are described in the Local Code but are summarised below:

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The Governance Framework (cont'd)

- the overarching strategic vision and objectives of the council are detailed in the Strategic Plan 2017/22, which sets out the key priorities of the council and key outcomes the council is committed to delivering with its partners, as set out in the Local Outcome Improvement Plan;
- Services are able to demonstrate how their own activities link to the council's vision and priorities through their Delivery Plans. Performance management and monitoring of service delivery is reported through service committees regularly. The CMT monitors performance information regularly. The council regularly publishes information about its performance;
- The West Dunbartonshire Community Alliance, which supports Community Planning West Dunbartonshire, represents the views of community organisations, communities of interest and geographical communities. In addition the council has an Engaging Communities Framework in place which sets out our approach to engaging with citizens, community organisations and stakeholders. Consultation on the future vision and activities of the partnership is undertaken in a range of ways, including seeking the views of the Alliance and through specific service consultations and the council actively engages with its partners through community planning arrangements;
- The council has adopted a Code of Conduct and associated employment policies for its employees. Elected members adhere to the nationally prescribed Code of Conduct for Members in a localised format. In addition, the council has in place a protocol on member/ officer relations and an inter-party protocol;
- The council operates within an established procedural framework which incorporates a scheme of delegation, standing orders and financial regulations. These describe the roles and responsibilities of Elected Members and officers and are subject to regular review. The council facilitates policy and decision making through the agreed committee structure;
- Responsibility for maintaining and operating an effective system of internal financial control rests with the council's Chief Financial Officer as Section 95 Officer. The system of internal financial control is based on a framework of regular management information, the Financial Regulations, administrative procedures (including separation of duties), management and supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the council;
- The council's approach to risk management is set out in the risk management framework. A strategic risk register is in place and an update report on this is regularly submitted to the Corporate Services Committee. The approach is embedded within the council's strategic planning and performance management framework with regular reporting of risk management reported to service committees; and
- Comprehensive arrangements are in place to ensure members and officers are supported by appropriate training and development.

Review of Effectiveness

The council has a responsibility, at least annually, to review the effectiveness of its governance framework including the system of internal financial control. The review of effectiveness of the framework is informed by the work of the Corporate Management Team which has responsibility for the development, implementation and maintenance of the governance environment, the Chief Internal Auditor's annual report; and reports from the external auditors and other review agencies and inspectorates.

The council's current Code of Good Governance was approved at the Audit & Performance Review Committee on 8 March 2017. An assessment of the council's compliance with the Code of Good Governance is supported by a process of self-assessment and assurance certification by Strategic Leads and the outcome of this assessment was reported to the Audit Committee on 17 June 2020.

Each member of the council's Corporate Management Team was presented with a self-assessment checklist to complete and return as evidence of review of seven key areas of the council's governance framework. The Strategic Directors then considered the completed evaluations and provided a certificate of assurance for their directorate areas.

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Review of Effectiveness (cont'd)

The Audit Committee performs a scrutiny role in relation to the application of the Code of Good Governance and regularly monitors the performance of the council's Internal Audit service.

In relation to the effectiveness of governance arrangements and systems of internal control for the council's group entities, the council places reliance upon the individual bodies' management assurances in relation to the soundness of their systems of internal control.

The Internal Audit service operates in accordance with the Public Sector Internal Audit Standards (PSIAS) 2017, and reports to the Audit Committee. An annual programme of work is determined and undertaken by Internal Audit, approved by the Audit Committee, based upon an established risk based methodology. The Shared Service Manager – Audit & Fraud provides an independent opinion on the adequacy and effectiveness of the council's System of Internal Financial Control. The Audit Committee performs a scrutiny role in relation to the application of PSIAS and regularly monitors the performance of the Internal Audit service. The council's Shared Service Manager – Audit & Fraud (the council's Chief Internal Auditor) has responsibility for reviewing independently and reporting to the Audit Committee annually, to provide assurance on the adequacy and effectiveness of the code and the extent of compliance with it.

It is our view that the council has in place a sound system of internal financial control and that appropriate mechanisms are in place to identify areas of weakness. This is corroborated by an annual assurance statement prepared by the Shared Service Manager – Audit & Fraud stating that reasonable assurance can be placed upon the adequacy and effectiveness of the council's internal control systems.

The system of governance (including the system of internal control) can provide only reasonable and not absolute assurance that the assets are safeguarded, the transactions are authorised and properly recorded, that material errors or irregularities are either prevented or would be detected within a timely period and that significant risks impacting on the achievement of the council's objectives have been mitigated.

COVID-19

The significant incident in late March 2020 and the council's responses as a Category 1 responder during the COVID-19 pandemic tested how well the Council's risk management, governance and internal controls framework is operating. There were examples of innovations, new business processes and solutions, and new technology being embraced in order to deliver services to the community in its role as a Category 1 responder to carry out the following three essential functions: Caring for the Vulnerable; Liaising with Resilience Partners; and Supporting Economic Recovery. This was achieved using amended governance arrangements, new ways of decision-making, leadership and implementation including virtual meetings, conference calls and systems remote access.

With significant disruption to how services are currently being delivered and are likely to continue in the short and medium term, the CMT are developing plans to capture the shift from business as usual activity and ensure the council can continue to meet requirements and achieve the strategic priorities set out in the Strategic Plan. This planning activity will take into consideration the learning from the first phase of responding to the pandemic and engaging with key stakeholders in planning future service provision.

The financial impact of implementing the required changes to services and service delivery models (eg to support social distancing requirements, support staff with the appropriate PPE and manage the new and changing levels of need and demand) is significant and likely to be ongoing and evolving. A detailed approval log is being maintained and scrutinised by senior management, including approval requirements of any decisions with financial implications for the council. It will be important for the Council, at the appropriate time, to carry out a post-incident review and highlight any lessons learned.

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Review of Effectiveness (cont'd)

Governance Issues and Planned Actions

The following main issues and areas for improvement during 2019/20 have been identified through the self-assessment exercise against the Local Code of Governance:

| Improvement Area 2019/20 | Responsible Officer |
|--|---|
| Embedding Be the Best Conversations within all service teams. | Strategic Leads |
| Following COVID-19 work is required in some services to review and update business continuity planning documentation. | Strategic Leads |
| Aspects of the Business Classification Scheme require to be implemented in some services. | Strategic Leads |
| Within HSCP, there are occasions when complaints timescales are being missed due to the complexity of response or additional stage where the Chief Officer approves all responses. HSCP-wide improvements are currently being reviewed to ensure full compliance. | Chief Officer - HSCP |
| Within HSCP, improvement is required in relation to streamlining community engagement and service user feedback across services. Self-evaluation and benchmarking activity takes place but a review of services is required to ensure that the service is meeting user needs. This will be scoped within service delivery plans which are currently being developed. | Chief Officer - HSCP |
| Within HSCP, stronger governance is required in relation to tracking of action plans and ensuring action deadlines are met. | Chief Officer - HSCP |
| Continue to lead the implementation of and embed the Contract and Supplier Management Policy across services. | Procurement Manager |
| Further develop the Workforce Management System | Business Support Manager |
| Maintenance of HRA housing rental income stream following full rollout of Universal Credit and other welfare reforms. This requires to be monitored as this income stream will be impacted issues arising from COVID-19. | Strategic Lead – Housing & Employability |
| Consolidation of Procurement and Commissioning arrangements ensuring compliance and efficiencies. There are still a number of risk areas contained within the HSCP procurement pipeline priorities. The HSCP SMT has agreed that Commissioning resource requires to be strengthened and a commissioning manager post will be advertised in 20/21. | HSCP – Heads of Service |
| Continue to develop plans in response to the ageing population. We continue to develop and review services in response to the changing demographic. | Head of Health and Community Care |
| Review of Learning Disability Service to improve on ways of working to ensure the service is fit for the future demands. Service Improvement lead aligned to service. Full review to be picked up as part of renewal and recovery work. | Head of Mental Health, Addictions & Learning Disabilities |
| Improved case recording and assessment for children and families who receive statutory social work services. | Head of Children's Health Care and Criminal Justice |
| Further efforts to reduce absence, supporting both staff wellbeing and containing costs | Chief Officer - HSCP |

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Review of Effectiveness (cont'd)

In addition, the self-assessment exercise carried out by Strategic Directors has identified improvements in the following areas:

- The new integrated housing management system went live in November 2019. There were and continue to be challenges with the system and a monitoring and development action plan will be in place for 2020/21 to ensure that remaining issues are fully addressed.
- At the appropriate time, a post-incident review will be carried out in relation to the COVID-19 Pandemic highlighting any lessons learned which will inform future emergency response and recovery arrangements.

In the 2018/19 Annual Governance Statement officers identified a range of areas for improvement during 2018/19. The following table provides an update on progress with these with a number having been completed or are areas which continue to have ongoing focus:

| Improvement Area 2018/19 | Responsible Officer | Status |
|--|-------------------------------------|---|
| Continue to review the effectiveness of Be the Best Conversations | Strategic People and Change Manager | Work is ongoing with Services to embed the process. |
| Increase the percentage of spend that CPU view as being compliant with Financial Regulations | Procurement Manager | Complete. The target of 90% compliance for 19/20 has been achieved and exceeded. (91%). Work is ongoing with relevant Services to increase their percentage of compliant spend. |
| Continue the implementation of the strategic improvement framework activity on benchmarking, including customer feedback and proof of "best value" | Performance and Strategy Manager | Work is ongoing with Services to embed the process. |
| Consider approaches to identifying, reporting and monitoring wider partnership risk | Strategic People and Change Manager | Complete |
| Improve reporting of failing KPI's to Members as appropriate | Performance and Strategy Manager | Complete |
| Embed sensitivity analysis in service level budget and service planning | Finance Manager | Complete |
| Continue to implement the Contract and Supplier Management Policy. | Procurement Manager | Work is ongoing with Services to embed the process. |
| Review of processes and procedures for Internal Audit's approach to investigations. | Audit Manager | Complete |
| Further develop Fraud Risk Assessment process. | Audit Manager | Complete |
| Implementation of actions identified in the Building Standards Action Plan. | Strategic Lead - Regulatory | Complete |
| Further develop the Workforce Management System | Business Support Manager | Ongoing – due to technical issues, a few tasks have not been achieved. These will be included along with other improvement areas identified for 20/21. |

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Review of Effectiveness (cont'd)

| Improvement Area 2018/19 | Responsible Officer | Status |
|---|--|--|
| IT Infrastructure improvements | ICT Manager | Complete |
| Ensure policies and strategies are compliant with new code of practice, Well Maintained Highways | Roads & Transportation Manager | Complete |
| Maintenance of HRA housing rental income stream following full rollout of Universal Credit and other welfare reforms | Strategic Lead – Housing & Employability | This action is complete but requires to be monitored as this income stream will be impacted issues arising from COVID-19. |
| The delivery of a whole system approach to preventing homelessness including the provision of sustainable housing support solutions | Strategic Lead, Housing & Employability | Complete |
| Identify opportunities to maximise collaborative working to improve delivery of the roads service | Shared Head of Service (Roads & Transportation) | Complete |
| Best Value Assurance Plan – Capital Projects. Develop Action Plan following Audit Scotland recommendations. | Strategic Lead - Regeneration | Complete |
| Audit Fire Alarm Systems – Implement Action Plan | Strategic Lead - Regeneration | Complete |
| Improve monitoring and review arrangements for the Pupil Equity Funding and Care Experienced Children's Fund expenditure to seek to identify aggregate spend across the school estate for the same external provider and procure in an efficient and compliant manner | Strategic Lead – Education, Learning & Attainment | Complete |
| Consolidation of Procurement and Commissioning arrangements ensuring compliance and efficiencies. | West Dunbartonshire Health and Social Care Partnership (HSCP) – Heads of Service | Ongoing - significant process has been made in 2019/20, however there are still a number of risk areas contained within the HSCP procurement pipeline priorities. The HSCP SMT has agreed that Commissioning resource requires to be strengthened and a commissioning manager post will be advertised in 20/21. |
| Review of Learning Disability Service to improve on ways of working to ensure the service is fit for the future demands | Head of Mental Health, Addictions & Learning Disabilities | Ongoing - Service Improvement lead aligned to service prior to COVID period. Benchmarking against other LD services completed by Ops manager prior to COVID. Full review to be picked up as part of renewal and recovery work. |

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Review of Effectiveness (cont'd)

| Improvement Area 2018/19 | Responsible Officer | Status |
|--|---|---|
| Continue to develop plans in response to the ageing population | Head of Health and Community Care | Ongoing - we continue to develop and review services in response to the changing demographic. We have rolled out use of the Rockwood frailty tool across all primary and community settings. Our new Focussed Intervention Team has been designed to support people avoid hospital admission. In addition, we are focussing on rolling out ACPs to a much wider proportion of the population. Through Community Planning, the Independence Delivery Group focuses on shared work across agencies and with communities to support all people to remain as independent as possible. |
| Improved case recording and assessment for children and families who receive statutory social work services. | Head of Children's Health Care and Criminal Justice | <p>Ongoing - work to improve case recording is continuing – most recent updates include changes to capture activity for the Scottish Government National Covid-19 dataset.</p> <p>Review of Care First case recording system by Information Team to be scheduled following lockdown.</p> <p>Improvement activity around assessments and reports is supported by monthly meetings with the Area Locality Reporter (SCRA).</p> <p>Case sampling for children on the child protection register will report to the Child Protection Committee after June 2020.</p> |
| Further efforts to reduce absence, supporting both staff wellbeing and containing costs | Chief Officer - HSCP | Ongoing - analysis of absence data shows a downward trend from the start of this performance year. New Supporting Employee Wellbeing Policy for WDC launched last year, with master classes rolled out. |

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Review of Effectiveness (cont'd)

The council continues to recognise the need to exercise strong management arrangements to manage financial pressures common to all local authorities and the Chief Financial Officer will continue to provide regular updates to council on this subject, including a revised long-term finance strategy.

As highlighted in the 2018/2019 Annual Governance Statement, in relation to **Procurement**, an Internal Audit report provided to Audit Committee in December 2018 highlighted weaknesses in the Council's procurement arrangements within Roads and Greenspace in that a number of procurement processes had been completed without following the Council's Financial Regulations. This was confirmed by an Audit Scotland review which also identified weaknesses in the controls in place to monitor revenue spend consistently against contracts across all services, and for identifying and managing potential conflicts of interest relating to staff involved in procurement activity. Improvement plans from both audits were agreed by management which aim to increase compliance and management processes.

As part of the planned Internal Audit Plan for 2019/20 a follow-up audit on the agreed action plans from the above audit and previous audits where procurement was identified as an area for improvement has now been undertaken and found that in general audit actions have been implemented by management though within Roads and Greenspace while there have been improvements in practice, there are a number of further improvements required. The follow-up Internal Audit report produced a number of further recommendations. These recommendations have also been followed up and all actions have been completed.

Best Value Assurance Report

Audit Scotland reported a Best Value Assurance Report on West Dunbartonshire Council to the Accounts Commission on 28 June 2018 which contained five recommendations, all of which are now complete.

Health and Social Care Integration

The council, as the funder of the Social Care services within the West Dunbartonshire Health and Social Care Partnership (HSCP) has an interest in the governance arrangements within the HSCP. Internal Audit arrangements for the HSCP is provided jointly by the council's Internal Audit service and the Health Board's Internal Audit Service, with the council's Internal Audit service providing audit arrangements for social care services and the general oversight of the HSCP's governance arrangements.

The HSCP has arrangements in place to review its own ongoing compliance with the revised Code of Governance. Due to the council's role as social care service provider Internal Audit's process outcomes on such services are reported to the council's Audit Committee as well as that of the HSCP. The Chief Social Worker provides council with an annual report on the performance of the HSCP.

The financial arrangements for the council's funding to the HSCP are aligned and budget processes run parallel to ensure that appropriate budgets for the HSCP are aligned with council policy and budgeting approaches, particularly in relation to ensuring any efficiency targets for the HSCP funding from the council are planned for and appropriate efficiencies are approved by the HSCP. On an ongoing basis council continues to receive budgetary control information in relation to HSCP services funded by the council.

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Compliance with Best Practice

Statement on the role of the Chief Financial Officer in local government

The council complies with the requirements of the CIPFA Statement on *"The Role of the Chief Financial Officer in Local Government 2010"*. The council's Chief Financial Officer (Section 95 Officer) has overall responsibility for the council's financial arrangements, and is professionally qualified and suitably experienced to lead the council's finance function and to direct finance staff.

Statement on the role of the Head of Internal Audit in Public Service Organisations

The council complies with the requirements of the CIPFA Statement on *"The Role of the Head of Internal Audit in Public Service Organisations 2019"*. The council's Chief Internal Auditor has responsibility for the council's Internal Audit function and is professionally qualified and suitably experienced to lead and direct the council's Internal Audit staff. The Internal Audit service generally operates in accordance with the CIPFA *"Public Sector Internal Audit Standards 2017"*.

Assurance

Subject to the above, and on the basis of the assurances provided, we consider the governance and internal control environment operating during 2019/20 provides reasonable and objective assurance that any significant risks impacting on the achievement of our principle objectives will be identified and actions taken to avoid or mitigate their impact. Systems are in place to continually review and improve the governance and internal control environment with plans in place to address improvement areas.

Jonathan McColi
Leader of the Council
Date: xx June 2020

Joyce White
Chief Executive
Date: xx June 2020

Stephen West
Strategic Lead – Resources
Date: xx June 2020