



**CORNWALL  
COUNCIL**  
*one and all • onen hag oll*

# Annual Governance Statement

For the year 2018 - 2019



# Introduction

## Aims and Values

Cornwall Council's aim:

*We will work with the people of Cornwall and use our resources wisely to protect and enhance our unique environment, create more homes and jobs for our residents, and ensure we can live well and safely together.*

Our values:

- *We listen: we will work with the people of Cornwall Council*
- *We are responsible: we will use resources wisely*
- *We act in the best interests of Cornwall: putting people first*

Good Governance is the backbone of the Council's ability to achieve its aim in accordance with these values. It is about how the Council ensures that it is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner. It is important for governance arrangements to be proportionate so that wherever appropriate they empower individuals rather than constrain them.

Good governance leads to effective:

- leadership and management;
- performance and risk management;
- stewardship of public money; and
- public engagement and outcomes for our citizens and service users.

## Scope of Responsibility

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for and that it is used economically, efficiently and effectively. In addition, the Council has responsibility for conducting, at least annually, a review of the effectiveness of its Governance arrangements including the system of internal control.

This review of effectiveness is informed by those officers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit and Risk's annual report, work of the relevant Council Committees, external auditors and other review agencies and inspectorates.

This Annual Governance Statement has been prepared to meet the requirements of the Accounts and Audit Regulations 2015 and the principles set out in the 2016 CIPFA/SOLACE Framework: Delivering Good Governance in Local Government (“the Framework”). The Framework requires the Council to have in place a Local Code of Corporate Governance (“the Code”). This statement describes the extent to which Cornwall Council complies with its Code and how the Code is consistent with the good governance principles.

In discharging its overall responsibilities, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions and which include arrangements for managing risk.

## The Purpose of the Council’s Code of Governance

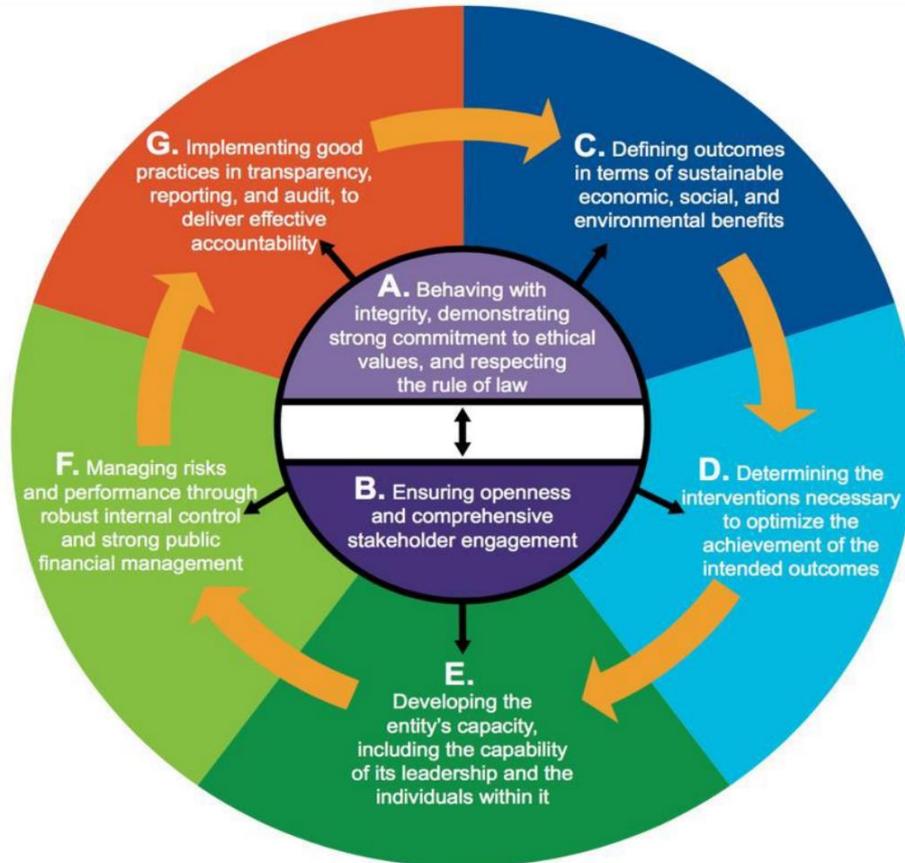
The Council’s [Code of Governance](#) aims to ensure that in conducting its business the Council:

- operates in a lawful, open, inclusive and honest manner
- makes sure public money is safeguarded, properly accounted for and spent wisely
- has effective arrangements in place to manage and control risk
- secures continuous improvements in the way it operates.

The Code comprises the systems and processes, culture and values and structures by which the Council is directed and controlled. The Code is the sum total of all of these things, and it includes those activities required to enable the Council to engage with, account to and lead the communities it serves. The Code enables the Council to set its strategic objectives and to manage the achievement of the objectives whilst ensuring delivery of appropriate, cost effective services.

The system of internal control is a significant part of that Code and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal 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 and potential impact of those risks being realised and to manage them efficiently, effectively and economically.

The CIPFA/SOLACE framework envisages that the Code will be organised to ensure a continuous process of seven principles based around two core principles (A and B).

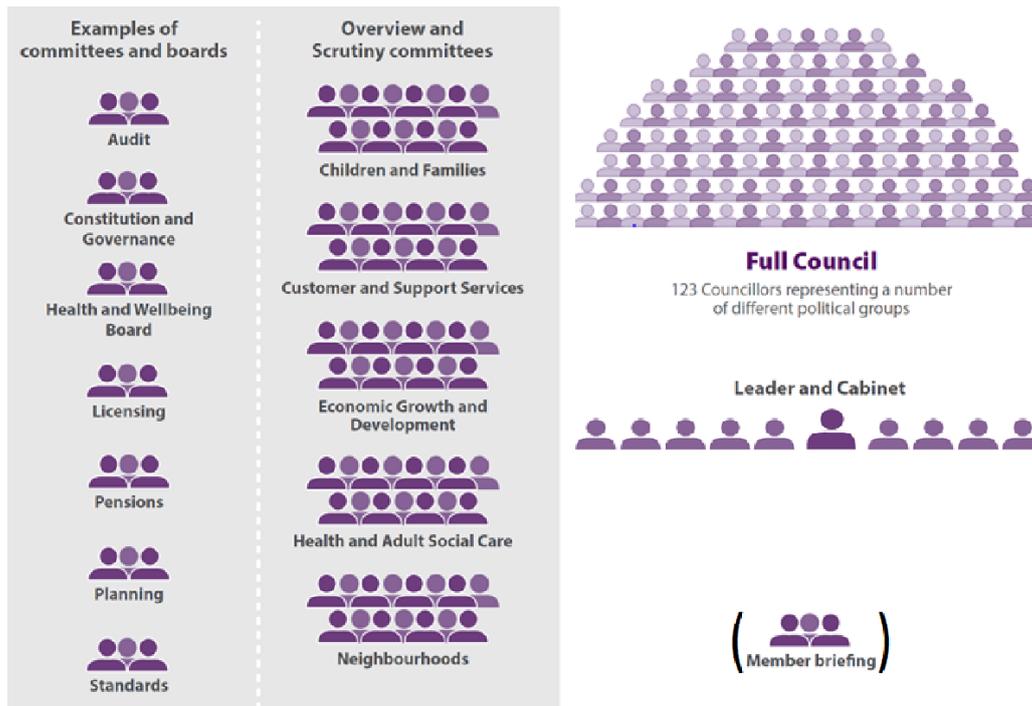


Source: CIPFA/SOLACE

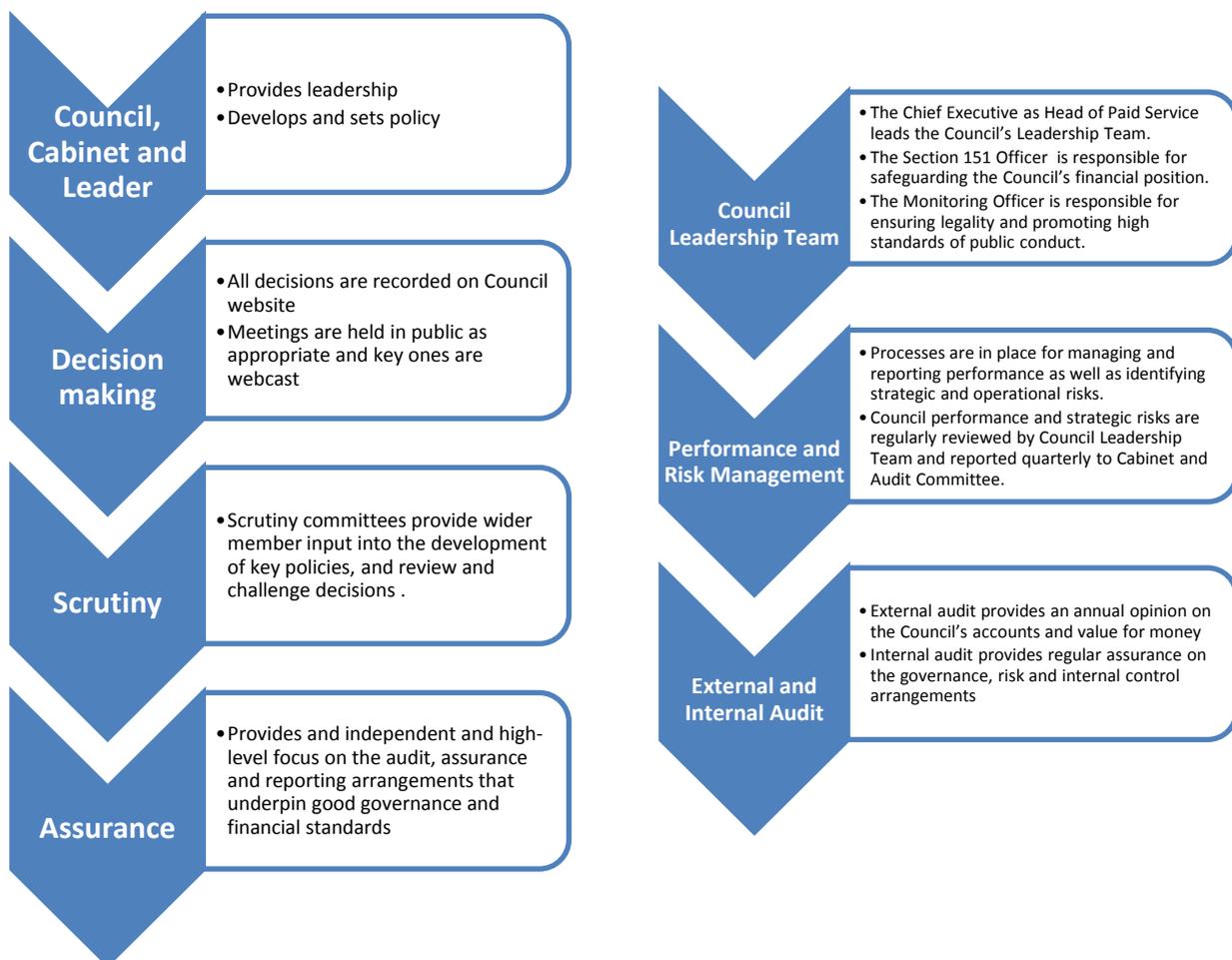
The governance framework and an attendant Code has continued to be in place at Cornwall Council for the year ended 31 March 2019 and up to the date of approval of the statement of accounts.

## Key elements of our Code of Governance

The Council's [Constitution](#) is updated throughout the year and sets out how the Council operates. Cornwall has a history of vibrant democracy, and strong member involvement in decision-making. Our member decision-making structure is set out in the diagram below.



The key elements of the governance arrangements at the Council during 2018/19, in line with the above structure, were:



# How we have fulfilled the principles of good governance

## Review of the Council's Code of Governance

As above, the Council's [Code of Governance](#) is made up of the arrangements that the Council has in place to deliver the requirements of each principle of the Framework. The Code is not a document, it is the sum total of all these systems and processes, culture and values and structures by which the Council is directed and controlled.

In preparing this Annual Governance Statement the Council has:

- reviewed the Council's existing governance arrangements against the revised CIPFA / SOLACE 'Delivering Good Governance in Local Government framework - 2016 Edition' good practice guidance;
- thereby assessed the effectiveness of the Council's Local Code of Corporate Governance.

This section sets out some key aspects of how the Council's Code has complied with the seven principles set out in the Framework during 2018/19; it is not intended to be exhaustive.

This Annual Governance Statement (AGS) for 2018/19 demonstrates how the Council has complied with the Framework and maintained an effective local Code. It also meets the requirements of Regulation 6(1)(a) of the Accounts and Audit Regulations 2015, which require the Council to prepare an annual governance statement.



**CIPFA / SOLACE  
Principles**

**Summary of governance arrangements**

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

- The Code of Conduct for elected and co-opted Members and the Employee Code of Conduct provide guidance to Members and Officers on the expected standards of behaviour.
- Training on the Code of Conduct was delivered to all Cornwall Council Members in the 6 months following the election in May 2017 and those elected in by-elections since this date have received training within 6 months of taking office. Update training was provided during the year and the Member Development Strategy and associated plan were refreshed and agreed.
- A comprehensive induction programme for new officers is in place including mandatory e-learning on key matters of corporate and ethical governance
- The Monitoring Officer assesses and, where relevant, reviews any suspected breaches of the Code.
- All complaints made regarding breaches or potential breaches of the Code of Conduct are reviewed by the Standards Committee on a quarterly basis.



## CIPFA / SOLACE Principles

## Summary of governance arrangements

	<ul style="list-style-type: none"> <li>• The roles of Cabinet, Statutory Officers, Audit Committee and Standards Committee are clearly defined in the Constitution and the Audit Committee reviewed its Terms of Reference during the year.</li> <li>• The Member / Officer Protocol provides an effective framework in which Members and officers interact, supplemented by the No Surprises Protocol.</li> <li>• The Council has a number of policies such as those relating to procurement, Whistleblowing, Counter Fraud and Anti-Money Laundering that promote ethical behaviours amongst Members and Officers.</li> <li>• The Council uses e-learning on Whistleblowing and other key areas of corporate governance, such as the member Code of Conduct, to ensure training is accessible at all times..</li> <li>• Internal Audit investigates all suspected cases of fraud, corruption, and noncompliance with relevant regulations or policies.</li> <li>• The Council's Priorities for Cornwall include a set of values for the organisation which Members and employees are expected to embody.</li> <li>• The Council's social value policy sets out its strategic approach to fulfilling its objectives in the delivery of the Social Value Act 2012.</li> </ul>
<p><b>Principle B:</b></p>	<ul style="list-style-type: none"> <li>• All meetings of Full Council, Cabinet and Strategic Planning are webcast in accordance with the Council's published principles for the broadcasting of public meetings. All formal member meetings are open for the public to attend, with agenda papers and</li> </ul>

**CIPFA / SOLACE  
Principles**

**Summary of governance arrangements**

***Ensuring openness  
and comprehensive  
stakeholder  
engagement***

decisions being published on the Council's website, in accordance with the legislative framework around openness and transparency

- The Council's Consultation and Engagement arrangements were updated and improved during the year, ensuring that all consultations and surveys are undertaken through the Consultation and Engagement team, supported by a new consultation and engagement toolkit, factoring in a meaningful Comprehensive Impact Assessment to ensure that our services are free from discrimination.
- All Council and Committee reports contain a section outlining the communications and engagement undertaken to inform the report.
- The Council undertakes extensive public consultation and engagement on its draft business plan and budget. In this year over 83,000 people were reached through Facebook and Twitter, as well as 560 survey responses, and feedback from public meetings across Cornwall. The Council had discussions with business, local councils and voluntary, community and social enterprise organisations and public sector partners, as well as themed discussions with small groups of residents, and provided opportunities for the public to engage informally in 19 town centres across Cornwall;
- Decisions on the final business plan and budget endorsed at the February 2019 Council were also informed by comprehensive impact assessments in line with the Council's equality and diversity commitments.
- The Council carries out targeted consultation on key issues, examples during this year include consultation on changes to waste collection arrangements and the Council's

## CIPFA / SOLACE Principles

## Summary of governance arrangements

	<p>response to the Local Government Boundary Commission for England’s Electoral Review.</p> <ul style="list-style-type: none"> <li>• Community Network Panels are local public forums comprising the Cornwall Councillors and representatives from town and parish councils within 19 Community Network Areas. Community Network Panels take an overview of issues in the area and provide strong local leadership and community engagement. They can also involve local organisations and other service providers e.g. police and health services.</li> <li>• During 2018/19 the Council continued to deliver on the recommendations for the Local Government Association Peer Review of Communications. The Council has developed an online Residents’ Panel that now has around 2,000 members who are engaged with on a regular basis. This provided Panel members with a number of opportunities to become involved in Council issues; for example to become a green champion and have their say on Council decisions. Other engagement has included face to face themed budget discussions.</li> </ul>
<p><b>Principle C:</b> <i>Defining outcomes in terms of sustainable economic, social and</i></p>	<ul style="list-style-type: none"> <li>• The Council’s Priorities for Cornwall and the new Business Plan for 2018-2022 were finalised this year with member engagement through Overview and Scrutiny Committees, All Member Briefings and public meetings, and public engagement upon clearly defined priorities delivering economic, environmental and social benefits for Cornwall underpinned by clear measures of success.</li> </ul>

**CIPFA / SOLACE  
Principles**

**Summary of governance arrangements**

***environmental  
benefits***

- The Council publishes a Medium Term Financial Strategy looking four years ahead in order to ensure that the Council’s financial situation is sustainable and aligned with plans to deliver its objectives.
- An internal audit provided reasonable assurance of Cornwall Council’s performance management arrangements to ensure delivery of its priority outcomes and projects, with published reports of progress considered by the Council’s Leadership Team and Cabinet every quarter.
- The Council is taking appropriate steps to proactively engage with partners and Government in preparation for Britain’s intention to exit from the EU.
- The Council has incorporated obligations under the Social Value legislation into its procurement arrangements.
- Each Service has a Service Plan that outlines outcomes to be achieved and how they link to the Council’s Strategy and Business Plan.

**Principle D:  
*Determining the  
interventions  
necessary to optimise  
the achievement of***

- The power of “call-in”, whilst available, has not been exercised during the reporting period.
- The formal statutory powers of intervention of the Monitoring Officer and Section 151 Officer have not been exercised during the reporting period.
- The standard reporting template that is used to make reports to members was updated during the reporting period, with improved advice and guidance for officers to help ensure report quality.

CIPFA / SOLACE Principles	Summary of governance arrangements
<b><i>the intended outcomes</i></b>	<ul style="list-style-type: none"> <li>• The Scrutiny, Standards and Audit committees set out their business in work programmes agreed in public, which support them to discharge their responsibilities.</li> <li>• The Audit Committee is informed throughout the year of the work of Internal Audit.</li> <li>• Quarterly Performance reports are considered in public by the Cabinet. Decisions and actions to address performance issues have been taken and monitored to ensure they have been effective.</li> <li>• The Monitoring Officer, Section 151 Officer and Head of Internal Audit have regular stewardship meetings to monitor assurance across the Council and identify any activity required.</li> </ul>
<b>Principle E:</b>  <b><i>Developing the entity's capacity, including the capability of its leadership and the individuals within it</i></b>	<ul style="list-style-type: none"> <li>• Cornwall Council benefits from a wider leadership system for Cornwall as a whole – notably through the Cornwall and Isles of Scilly (CioS) Leadership Board which provides strategic 'place leadership'. The Council is focussed on delivery through partnerships as part of a wider leadership system for Cornwall as a whole; the results of a review of the Leadership Board were reported to Customer and Support Services Overview and Scrutiny Committee during the reporting period. This highlighted significant successes in providing joined up leadership for Cornwall and Isles of Scilly (including the development and endorsement of New Frontiers and oversight of measures being taken to ensure Brexit preparedness) and the strengthened organisational relationships that have been achieved through collaborative working.</li> </ul>

## CIPFA / SOLACE Principles

## Summary of governance arrangements

	<ul style="list-style-type: none"> <li>• The Council's Working Differently programme aims to create the conditions for all staff to work differently by providing modern workplaces, enabling flexible working, improving IT tools, streamlining policies and processes to be less burdensome for staff, and supporting a culture change and leadership that fundamentally transforms the way the Council's support services work.</li> <li>• The Performance Development System used by the Council to appraise each member of staff was moved to a new system (Oracle) in June 2018. This system maintains the ability to set objectives and review performance against these objectives and offers improved functionality for managers and staff to set and track development plans and career goals.</li> <li>• To ensure the Council has both the capacity and capabilities to deliver Cornwall's ambitions the Council has implemented an externally facilitated senior leadership programme for its senior leaders, alongside development support for members has continued throughout the reporting period.</li> <li>• Officer capacity in key governance roles was strengthened by the appointment of a permanent Chief Operating Officer, Monitoring Officer and Head of Legal.</li> <li>• The Council has strategic approaches in place which give coherence to the management, deployment and development of staff, for example the Council's Apprenticeship Strategy. This framework of HR policies was reviewed and simplified during the reporting period to make them easier for managers and staff to access.</li> </ul>
<p><b>Principle F:</b></p>	<ul style="list-style-type: none"> <li>• The Council has a Risk Strategy in place, and clear arrangements in accordance with this for identifying and managing risks with risk registers at strategic, service, programme,</li> </ul>

## CIPFA / SOLACE Principles

## Summary of governance arrangements

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

project and partnership level that are subject to regular review and reporting.

- All Council and Committee reports contain sections on options available and risk analysis to ensure decisions are made on a robust business case and consideration of all the risks.
- The Council's Performance Management Framework has established arrangements for the identification, monitoring and management of its objectives and for ensuring that they represent the best use of resources and value for money.
- Integrated performance reports are used by senior officers to manage their business and go publicly to Cabinet quarterly.
- The Council's Internal Audit service carries out a risk based comprehensive programme of review focussed on providing an opinion on the effectiveness of the risk, governance and internal control arrangements in respect of key priorities.
- A review of the Financial Regulations was underway during this reporting period in order to keep them up to date and effective.
- Internal Audit provides assurance on an annual basis on the effectiveness of arrangements for organisational data quality and information governance.
- Clear and appropriate arrangements are in place for regular reporting to the Audit Committee by Internal and External Audit; outcomes of internal audit activity are reported to the Audit Committee on an exceptions basis.

The Corporate Assurance Group, comprising the Chief Executive, Strategic Directors, Section 151 Officer, Monitoring Officer and Head of Internal Audit, Counter Fraud, Risk

**CIPFA / SOLACE  
Principles**
**Summary of governance arrangements**

	<p>and Insurance meet every 8 weeks to provide collective assurance that statutory risks and responsibilities are being effectively managed and delivered.</p>
<p><b>Principle G:</b> <i>Implementing good practices in transparency, reporting and audit to deliver effective accountability</i></p>	<ul style="list-style-type: none"> <li>• The Assurance Service Leadership Team comprising the Monitoring Officer, Head of Internal Audit, Head of Legal and Head of Councillor Support and Democratic Process, supported by the Corporate and Information Governance Manager, formally reviewed the Council’s Code of Governance.</li> <li>• All Council and Cabinet meetings are webcast live and remain available for public scrutiny for 6 months after the date of the meeting.</li> <li>• Guidance has been produced on ‘Getting a report to Cabinet or Council’ which sets out the requirements and helps to ensure that reports coming forward are produced in a timely manner, containing all the relevant information to support effective, open and transparent decision-making.</li> <li>• ‘Decision-Making in a Political Environment’ training for officers was launched in the reporting year, comprising modules on ‘political awareness’, ‘getting a report to cabinet or council’ and ‘report writing for success’. Around 200 key officers attended in 2018-19 and it will continue to run on a quarterly basis.</li> <li>• The new Corporate Forward Plan, established in 2017/18, which has been used throughout 2018/19 helps officers plan for forthcoming business and ensure appropriate accountability, is available to view on the intranet and is discussed on a weekly basis by the Council Directors Team.</li> <li>• Council and Committee agendas, reports and decisions are published online.</li> </ul>

## CIPFA / SOLACE Principles

## Summary of governance arrangements

- All Member Briefings are open to the press and public and are webcast enabling public access for six months after the event.
- The Council regularly reports its performance against statutory and agreed performance targets.
- Outcomes from both external and internal audit activities are regularly reported to the Audit Committee in public meetings, ensuring that decision-makers can be held to account.
- An external assessment of Internal Audit concluded that the service is complying fully with the professional standards.
- Outcomes from external inspections and assessments (including Peer Reviews) are reported and management actions tracked and monitored. For example: the findings of a Peer review on the strength of the Council's performance management arrangements was reported to Cabinet in June 2018, and the findings of an external inspection of the Fire Authority and an associated action plan (monitored by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services Governance Board) were reported to Overview & Scrutiny and Cabinet at appropriate points in the development of the Fire Authority's Integrated Risk Management Plan.
- The Council sent out an A5 publication with the council tax bills explaining the Priorities for Cornwall and how the budget was raised and spent.



## Review of effectiveness

As set out above, the Assurance Service Leadership Team (comprising the Monitoring Officer, Head of Internal Audit, Head of Legal and Head of Councillor Support and Democratic Process), has reviewed the effectiveness of the Council's Code of Governance, including consulting the Council Directors Team and confirming that the arrangements described in this statement are in place (noting that some were created or modified during the reporting year, as stated). The Council's review of its Code of Governance is not only an annual process but, in line with best practice, it is conducted continuously, including through regular assurance reports presented to the Council Directors team (Assurance) by the Statutory Officers including the Section 151 Officer and Monitoring Officer.

Outside of some matters highlighted in the final section of this report (below), the Council Directors Team have confirmed that corporate governance processes have been in place and operating as intended throughout the year.

Further to this, statements of the overall findings of Internal Audit and External Audit follow:

### Internal Audit

Consistent with the Public Sector Internal Audit Standards, the Head of Internal Audit must deliver an annual opinion on the overall adequacy and effectiveness of the Council's governance, control and risk management arrangements. This opinion is based upon the internal audit work programme completed during the year and is supported by the reported results of External Audit and other external inspection activity. The Head of Internal Audit's opinion is that during 2018/19 there was reasonable assurance that the Council's systems of internal control, governance and risk management were operating effectively. However, there were concerns about the lack of progress in a few areas that were previously cited as requiring improvement and the management processes for monitoring and reporting the implementation of agreed management actions needed to be fully embedded across the business. Action plans have been put in place to address these concerns and any key governance issues that were identified are reported in the relevant section of this statement.

## External Audit

External auditors carry out a programme of reviews based upon statutory requirements. The Annual Audit Letter and Audit Findings Report for 2017/18, which included the opinions for the 2017/18 financial statements and value for money, both of which were unqualified, were published in 2018/19.

## Conclusion

The Council's governance arrangements are regarded as generally fit for purpose and are in accordance with the governance framework. The Council is committed to maintaining these arrangements and ensuring that the improvements required are prioritised and sufficiently resourced. The next section of this report highlights some issues arising for attention and areas recently addressed.



Leader

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Date 19 June 2019



Chief Executive

\_\_\_\_\_

Date 26 June 2019



## Governance Actions

Cornwall Council's Code of Governance includes arrangements to enable the Council to consider any risks which may occur to the effectiveness of its governance arrangements, so it can plan for and mitigate or avoid those risks materialising. One example of this is the Council's Working Differently programme. This recognises the changing environment in which the Council will have to operate – including financial, technological, cultural, and other changes – and responds by setting out to ensure the conditions will be in place for the continued success of the Council. This includes by providing modern workplaces, enabling flexible working, improving IT tools, streamlining policies and processes, improving the way we support members and take decisions and supporting a culture change and leadership to transform the way the Council's support services work.

Some issues arise over a shorter timescale which are considered significant enough during the year that they should be reflected in the Council's Annual Governance Statement. Below is an update against such issues identified in the 2017/18 Annual Governance Statement, and a list of issues identified during 2018/19 with a brief account of the action which has been, or will be, taken to address them.

When considering whether an issue from last year is 'ongoing' (and should therefore be added to this year's list of 'significant governance issues'), it is relevant to consider both the level of progress and whether governance arrangements have now been put in place to ensure that any further improvement necessary will be managed and monitored as part of the Council's 'business as usual' operation. In other words, has the Code of Governance been updated to take account of the issue, and is the issue still acute? Where there has been progress and systems are in place to monitor and manage further work, an issue will not generally still be considered open.



## Progress of actions identified in 2017/18 Annual Governance Statement

No.	Issues identified in 2017 /18	Progress as at March 2019	Senior Responsible Officer
1.	<p><b>Improve health and safety Arrangements</b></p> <p>An internal review of the Council’s health and safety arrangements recommended improvements including the management of risks, work planning and member briefings and training</p>	<p><b>Completed</b></p> <p>A series of improvement actions were agreed and undertaken in 2018 to address the issues identified.</p> <p>The Corporate Health Safety And Wellbeing Steering Group has led on the development of a Corporate Health and Safety Improvement Plan and associated performance framework aimed at strengthening health and safety management arrangements in the Council and this plan was published in 2018.</p> <p>A follow-up internal audit report in 2018 recognised the significant improvement work in this area and provided reasonable assurance that management actions had been suitably progressed corporately and that the activity had significantly reduced risk exposure in this area.</p>	Service Director – Neighbourhoods and Public Protection
2.	<p><b>Improve contract management arrangements</b></p> <p>A contract management</p>	<b>Completed</b>	Service Director – Commercial Services

	<p>improvement action plan was developed in order to increase the quality of contract and supplier management throughout the Council; this included the capacity within Commercial Services to support services and embed an effective contract management culture throughout the organisation.</p>	<p>A new Contract and Supplier Relationship Management team is now in place and has provided the capacity to deliver the required improvements in this area, including setting up the standards for contract management, hosting supplier events for strategic and critical suppliers, introducing annual reviews and a new contract management board.</p>	
<b>3.</b>	<p><b>Improve property management and compliance arrangements</b></p> <p>A number of Council properties were identified as not meeting statutory building compliance.</p>	<p><b>Completed</b></p> <p>The Corporate Landlord programme is part of the Working Differently programme and will bring forward a range of service improvement plans (cash flows) as from April 2019 onwards. These will improve the visibility of the management and performance of the Council's asset base.</p> <p>The position relating to compliance has been monitored closely by the Council Directors Team throughout 2018/19 and progress has improved from a little over 50% to over 80%. With plans for works in place to deliver a continual improvement in this percentage up to industry standards as part of the</p>	<p>Service Director – Commercial services</p>

		Corporate Landlord programme, this is no longer considered a significant governance issue.	
<b>4.</b>	<p><b>Improve data quality and integrity arrangements</b></p> <p>An internal review of the Council's data quality and integrity arrangements highlighted issues around the management of information assets, a good information governance culture is not embedded across the organisation and data accuracy is not always actively managed.</p>	<p><b>Completed</b></p> <p>The Council's Data Quality Policy has been merged with the Data Retention Policy and updated for best practice in light of General Data Protection Regulations. The policy was approved by the Information Governance Board in September 2018 and was the subject of corporate communications.</p> <p>Data quality and retention is on the Information Governance Team's work programme which is reported to the Information Governance Board. Data Quality and Retention is also part of the Corporate Data Security and Protection Toolkit that has been approved by the Information Governance Board.</p> <p>The Information Governance Board are kept up to date as to performance against this matter by regular reports to it from the Information Governance team and Data Protection Officer.</p>	Service Director – Customer and Digital Services.
<b>5.</b>	<p><b>Improve Business Continuity arrangements</b></p>	<b>Ongoing</b>	Strategic Director - Neighbourhoods

	<p>An internal review identified that business continuity did not have a high enough profile within the organisation. Although pockets of good practice were identified the process was not considered to be embedded throughout.</p>	<p>The work with regards to business continuity remains ongoing and as the internal Audit report has highlighted at the end of the reporting period, March 2019, only limited assurance can be provided with regards to the Councils business continuity arrangements.</p> <p>As a result the Strategic Director for Neighbourhoods considers that this matter should remain open for the year 2019/20.</p> <p>Further information is included in the 2018/19 table below.</p>	
6.	<p><b>Review the Scheme of Delegation</b> At the Full Council meeting on 23 May 2017 Members resolved that the Constitution and Governance Committee be asked to conduct a full review of the Scheme of Delegation.</p>	<p><b>Completed</b></p> <p>A comprehensive review of the Scheme of Delegation was carried out by the Constitution and Governance Committee, culminating in a final report in July 2018.</p> <p>A range of improvements and updates to the Scheme were agreed, and followed up with the introduction of new systems and processes to ensure that the scheme and associated sub-delegations of authority will remain up-to-date.</p>	Service Director – Assurance

7.	<b>Define and set up governance arrangements of the Council's Investment Programme</b>	<p><b>Completed</b></p> <p>An internal Audit has found 'reasonable assurance' following the work in this area. A governance framework has been established with check points for individual projects. The Investment Programme Assurance Group includes the Chief Executive, Section 151, Strategic Director for Economic Growth and considers future investment opportunities. The Constitution and Governance Committee established an Informal Investment Panel, that acts as an advisory panel before a matter proceeds to Cabinet.</p>	Strategic Director for Economic Development
8.	<b>Define and set up governance arrangements of a new housing company</b>	<p><b>Ongoing</b></p> <p>The original Housing Development Programme (HDP) required the Council to set up and define the governance arrangements of a new housing company to receive and manage the units being constructed. A company limited by shares was established ready to receive the pilot site units. However during 2018/19, following legal precedents, the possibility of creating a Limited Liability Partnership (LLP) to receive the units was reviewed and became the preferred option to proceed. This would not only be a vehicle to hold built units but would undertake the delivery of the</p>	Service Director – Resources

		Council's Investment Programme. This decision was ratified by Cabinet at its December 2018 meeting.	
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## Significant governance issues 2018/19

No.	Issue identified in 2018/19	Actions to address the issue	Senior Responsible Officer
1.	<p><b>Reduction of Council size</b> The Local Government Boundary Commission for England completed its electoral review, confirming that Cornwall Council will change from 123 members to 87 in 2021.</p>	<p>A Positive Governance Project has been commenced, designed to ensure that by 2022 the Council will have 87 fully inducted, digitally enabled Councillors equipped to fulfil their local and strategic roles, aided by an efficient and effective member support offer, within a proportionate and transparent governance environment which encourages good decision-making. This will include a review of the Council's governance arrangements.</p>	<p>Service Director - Assurance</p>
2.	<p><b>Section 75 Agreements</b> A previous internal audit review concluded that current governance arrangements in respect of Section 75 agreements were poor.</p>	<p>A new Better Care Fund Section 75 Agreement has been put in place, this was developed by a joint group of health and care managers to a specification agreed by the senior leadership teams of the Clinical Commissioning Group (CCG) and the Council.</p> <p>The plans are subject to agreement by the Department of Health and Social Care.</p>	<p>Strategic Director - Adult Social Care and Health</p>

		<p>Quarterly financial and activity performance information is reported to the Health and Wellbeing Board.</p> <p>The fund has primarily been focussed on improving delayed transfers of care from hospitals; the significant improvements in performance reported in the Council's quarterly performance digest is reflective of the changes made to the management and monitoring of the fund and associated activity.</p>	
<b>3.</b>	<p><b>Compliance with Scheme of Delegation</b></p> <p>An instance of non-compliance with the scheme of delegation and the contract procedure rules has been identified.</p>	<p>The review of a particular decision making process by the Section 151 Officer and Monitoring Officer, identified breaches of the scheme of delegation and contract procedure rules. The review sought to mitigate the potential for this to occur in the future and identified a number of recommendations. This included a briefing note being prepared and circulated to senior leaders. It also required clarity to be provided in relation to the unfunded budget funding protocol in the updating of the Financial Regulations. An additional check was put in place in relation to Bloom (External Framework) Orders over £500,000.</p>	<p>Chief Operating Officer and Section 151 Officer</p>

		In addition to the above, a new process is being introduced to require officers to provide the Monitoring Officer with a record of their delegations and a central register will be maintained. This will provide a clarity for those in the organisation of where responsibility for decision making resides.	
4.	<b>Define and set up governance arrangements of a new housing company</b>	<p>The original Housing Development Programme (HDP) required the Council to set up and define the governance arrangements of a new housing company to receive and manage the units being constructed. A company limited by shares was established ready to receive the pilot site units.</p> <p>However during 2018/19, following legal precedents, the possibility of creating a Limited Liability Partnership (LLP) to receive the units was reviewed and became the preferred option to proceed. This decision was ratified by Cabinet at its December 2018 meeting. This will not only be a vehicle to hold built units but will undertake the delivery of the Council's Investment Programme.</p>	Chief Operating Officer and Section 151 Officer
5.	<b>Direct Payments</b>	Following the receipt of a second Audit Report of 'no assurance' the Department has initiated a full policy	Strategic Director - Adult Social Care and Health

	<p>An internal audit in January 2019 provided <b>no assurance</b> that the control arrangements relating to direct payments were adequate and operating effectively.</p>	<p>and process review of Direct Payments. This is due to conclude by the end of April 2019. However, initial recommendations have been accepted and are being implemented. These include the creation of a quality assurance post and changes to process and practice (including the implementation of a new set of management indicators to address lack of control in the review and management stages of the process).</p> <p>Changes to process and structure have been identified to reduce complexity of process which are intended to improve control and the experience of people in receipt of direct payments. The direct payment agreement will also be amended to increase take-up of payment cards and to strengthen the Council's oversight of the use and management of direct payments by service users, to ensure that funding is being used as intended and to manage any potential safeguarding risks.</p>	
<b>6.</b>	<p><b>Capital Programme Governance</b> An internal audit in 2018/19 concluded that the governance arrangements of the Capital Programme require improvement.</p>	<p>The weaknesses identified are being addressed through various actions including:</p> <ul style="list-style-type: none"> <li>- Establishing of a Capital Oversight Board Task and Finish Group to review the monitoring and expenditure process with the aim of enforcing</li> </ul>	Chief Operating Officer and Section 151 Officer

		<p>greater financial rigour through the Programme Boards.</p> <ul style="list-style-type: none"> <li>- Review of existing schemes to ensure accurate profiling, test ongoing viability and where appropriate reallocate funding.</li> <li>- The consistent application of post-implementation reviews, including benefits realisation and recording of lessons learned across the Capital Programme Boards.</li> </ul>	
<b>7.</b>	<p><b>Business Continuity</b> An internal audit in 2018/19 concluded that there was limited assurance on the effectiveness of the Council's Business Continuity and IT Disaster Recovery arrangements.</p>	<p>Work with regards to the Council's business continuity arrangements remains ongoing.</p> <p>The work of the business continuity group continues and a draft report on Business Continuity was issued by Internal Audit in the first week of March 2019. This report could only provide limited assurance that the arrangements in place are sufficient to ensure that its ordinary or critical business functions could continue smoothly in the event of significant event or disruption.</p> <p>Work at the end of the reporting period is focusing on IT recovery (following a report by PwC), property arrangements, and the potential impact of Brexit.</p>	Strategic Director - Neighbourhoods

		<p>The Business Continuity Group have produced an action plan in partnership with the IT service to address concerns raised in the PWC report on IT disaster recovery. This will be reported to Audit Committee in April 2019 and progress tracked via the Business Continuity Group meetings and any issues escalated to CDT Assurance meetings.</p>	
<b>8.</b>	<p><b>Information Security Strategy</b> An internal audit in 2018/19 identified that the information security strategy does not currently fully support the organisation in delivering the business strategy and responding to key information security risks.</p>	<p>The weaknesses identified are being addressed through various actions including:</p> <ul style="list-style-type: none"> <li>- The introduction of a new operating model for our Information Service which includes increased focus on Information Security.</li> <li>- Technology advancements through the Councils Digital Cornwall Programme which increase our Information Security capabilities.</li> </ul> <p>Regular reporting to both the Councils Information Governance Board and also to the Senior Information &amp; Risk Owner (SIRO).</p>	<p>Chief Operating Officer and Section 151 Officer</p>



# CORNWALL COUNCIL

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