

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2017/18

COMMITTEE:

AUDIT COMMITTEE

30th April 2018

Item No. 12

**Draft Annual Governance
Statement 2017/18 – Rhondda
Cynon Taf County Borough
Council**

REPORT OF:-

GROUP DIRECTOR - CORPORATE & FRONTLINE SERVICES

**Author: Paul Griffiths (Service Director – Performance & Improvement)
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1. PURPOSE OF THE REPORT

This report provides Members with the Council's draft Annual Governance Statement for the 2017/18 financial year.

2. RECOMMENDATIONS

In order for Audit Committee to discharge the duties as outlined in Section B of its Terms of Reference: "*Review and recommend for certification the Annual Governance Statement*" it is recommended that Members:

- 2.1 Critically review the Annual Governance Statement (**Appendix 1**), suggest any material amendments and recommend its certification by the Leader of the Council and the Chief Executive in readiness for inclusion within the Council's 2017/18 draft certified Statement of Accounts.
- 2.2 In the event that reports from relevant External Inspectors be provided to the Council before the Statement of Accounts are certified, authorise the Group Director - Corporate & Frontline Services to include reference within the Annual Governance Statement.

3. BACKGROUND INFORMATION

- 3.1 Section 3.7 of the 'CIPFA / LASAAC¹ Code of Practice on Local Authority Accounting in the United Kingdom' states:

¹ CIPFA / LASAAC – the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC)

'The Accounts and Audit (Wales) Regulations 2014 (regulation 5) requires 'an authority to conduct a review at least once a year of the effectiveness of its system of internal control and include a statement reporting on the review within any published Statement of Accounts'.

The preparation and publication of an Annual Governance Statement in accordance with 'Delivering Good Governance in Local Government: Framework 2016' would fulfil the statutory requirements across the United Kingdom for a local authority to conduct a review at least once in each financial year of the effectiveness of its system of internal control and to include a statement reporting on the review in its Statement of Accounts'.

Delivering Good Governance in Local Government: Framework 2016

- 3.2 The main principle underpinning the Framework is that local government is continuing to develop and shape its own approach to governance, taking account of the environment in which it operates. It intends to assist authorities in reviewing their own arrangements and to do this has defined Core Principles, Supporting Principles and Sub-Principles that should underpin governance arrangements.
- 3.3 In addition, the framework recommends that Annual Government Statements do not need to describe in detail the authority's governance arrangements but should provide a review of their effectiveness in supporting planned outcomes. As such the framework positions the attainment of sustainable economic, societal and environmental outcomes as a key focus of governance processes and structures.
- 3.4 The Annual Government Statement should be signed by the leading member and chief executive on behalf of the authority, be approved at a meeting of the authority and be included within the Statement of Accounts and Annual Report (either in full or summary form) of the authority.

4. RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL – DRAFT ANNUAL GOVERNANCE STATEMENT 2017/18

- 4.1 The Council's draft Annual Governance Statement 2017/18 is set out at Appendix 1 and has been compiled in accordance with 'Delivering Good Governance in Local Government: Framework 2016'.
- 4.2 The compilation of the draft Statement has been a two stage process:
- Firstly, an assessment process that involved discussion with key officers across the Council, reviewing documentation and reports relating to the 2017/18 financial year and placing reliance on the Council's own corporate assessment findings and the conclusions drawn by the Wales Audit Office in its published reports on the Council; and

- Secondly, a review, challenge and sign-off process by the Council's Senior Leadership Team.
- 4.3 As part of the above assessment process, Members will note that the conclusions from the draft Internal Audit Annual Report 2017/18, to be reported to the 30th April 2018 Audit Committee, have been taken account of as part of the draft Annual Governance Statement for 2017/18. Should changes to the draft Internal Audit Annual Report 2017/18 be deemed necessary by Audit Committee at its 30th April 2018 meeting, these will also be reflected in the final version of the Annual Governance Statement.
- 4.4 Based on the assessment undertaken, it is considered that the Council's governance arrangements were fit for purpose and publicly demonstrated how the Council's work and resources have contributed to the delivery of Corporate Plan priorities and outcomes. This overall conclusion is supported by:
- Sound arrangements to support elected Councillors and Officers in the effective discharge of their responsibilities and also in maintaining high standards of conduct when undertaking business on behalf of the Council;
 - Processes in place to up date governance related documents, such as the 'Anti-fraud, Bribery and Corruption Strategy' and 'Whistle-blowing' arrangements, raise awareness of these documents within the Council and also publicly reporting on the Council's performance in such areas;
 - An open approach to engaging with stakeholders and planning and delivering services, a number of which being in partnership with others;
 - Clear arrangements for decision making that were: supported by robust service management, financial management and scrutiny arrangements; informed by consultation feedback where appropriate; and tested against the requirements of the Well-being of Future Generations Act;
 - The continued reporting of understandable priorities and ambition, as set out in the Council's Corporate Plan, with progress reports demonstrating generally improving outcomes and performance at the same time as maintaining financial stability;
 - Regular reporting of the Council's performance, with examples of 'exceptions' being reviewed and challenged by Scrutiny Committees;
 - A medium term approach to financial planning that helped inform strategic decision making and prioritisation of resources through on-going public sector austerity; and
 - The Council having a track record of implementing Annual Governance Statement recommendations in previous years.

- 4.5 Within this overall position, proposals for improvement have been identified that aim to further improve the governance arrangements in place within the Council. These are set out as 'Proposals for Improvement' at Section 7 of the Annual Governance Statement.
- 4.6 Between the date of this Audit Committee and the date the 2017/18 draft Statement of Accounts being certified, should any (relevant) reports be provided to the Council from its External Regulators, Members are requested to provide the Group Director - Corporate & Frontline Services with authority to include reference to such reports within the Annual Governance Statement. In the event that any reports identify significant governance issues then these will be considered at a Special Meeting of the Audit Committee where the implications on the overall conclusion can be debated.

5. CONCLUSIONS

- 5.1 There is a legal requirement for each local authority in the United Kingdom to conduct a review at least once a year of the effectiveness of its system of internal control and include a statement reporting on the review within its published Statement of Accounts.
- 5.2 To meet this requirement for the 2017/18 financial year, Rhondda Cynon Taf County Borough Council has produced an Annual Governance Statement in line with the 'Delivering Good Governance in Local Government: Framework 2016'.
- 5.3 The overall conclusion from assessing the Council's governance arrangements is that they were fit for purpose and publicly demonstrated how the Council's work and resources have contributed to the delivery of Corporate Plan priorities and outcomes.

LOCAL GOVERNMENT ACT, 1972

as amended by

THE ACCESS TO INFORMATION ACT, 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

LIST OF BACKGROUND PAPERS

AUDIT COMMITTEE

30th April 2018

Report of the Group Director, Corporate & Frontline Services

Author: Paul Griffiths - Service Director, Performance & Improvement

Item

File Ref:

12. Draft Annual Governance Statement 2017/18 IA / PG

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APPENDIX 1

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

DRAFT ANNUAL GOVERNANCE STATEMENT 2017/18

1. **INTRODUCTION**

1.1 The Council's [Corporate Plan 2016 - 2020](#) sets the overall direction for the Authority describing the vision, purpose and priorities to be delivered.

1.2 The Council's agreed Vision, purpose and priorities are:

- Vision – For a County Borough that has high aspirations, is confident and promotes opportunity for all.
- Purpose – to provide strong community leadership and effective services for the people of Rhondda Cynon Taf to enable them to fulfil their potential and prosper.
- Priorities:
 - Economy - Building a strong economy;
 - People - Promoting independence and positive lives for everyone;
 - Place - Creating neighbourhoods where people are proud to live and work; and
 - Living within our means.

1.3 The Council's Annual Governance Statement sets out for the community, service users, tax payers and other stakeholders the Council's governance arrangements together with a review of their effectiveness in managing risks of failure in delivering Corporate Plan priorities.

2. **SCOPE OF RESPONSIBILITY**

2.1 Rhondda Cynon Taf County Borough 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.

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

- 2.3 The Council, in compiling the Annual Governance Statement, has adopted the *Delivering Good Governance in Local Government: framework (2016)* developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE). In doing so, the Annual Governance Statement meets the Council's legal duty as set out in the Accounts and Audit (Wales) Regulations 2014, as amended by the Accounts and Audit (Wales) (Amendment) Regulations 2018.
- 2.4 The Council's Annual Governance Statement aims to provide an accurate representation of the governance arrangements in place for financial year ending 31st March 2018.

3. **THE PURPOSE OF THE GOVERNANCE FRAMEWORK**

- 3.1 The governance framework comprises the systems, processes and cultural values by which the Council is directed and controlled, and the activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 3.2 For Rhondda Cynon Taf County Borough Council, governance is about ensuring that the Council does the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.
- 3.3 The system of internal control is a significant part of that framework and is designed to manage the risk to a reasonable level. It cannot eliminate all risk of failure to achieve aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.
- 3.4 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 priorities, to evaluate the likelihood and impact of those risks materialising, and to manage them efficiently, effectively and economically.
- 3.5 The governance framework outlined below has been in place at Rhondda Cynon Taf County Borough Council for the year ended 31st March 2018 (and up to the date of approval of the 2017/18 Statement of Accounts).

4. THE GOVERNANCE FRAMEWORK

4.1 The Council has a range of governance arrangements in place, in line with the *Delivering Good Governance in Local Government: framework*, many of which are set out within its [Constitution](#). Table 1 provides examples of the key systems, processes and documents in place within the Council during 2017/18.

Table 1 – Examples of the key elements of the Council’s governance arrangements

Good Governance Principles	Examples of key systems, processes and documents in place within the Council
Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law	<ul style="list-style-type: none"> • Elected Councillor and Officer Codes of Conduct - setting out the standards of behaviour to be followed based on the principles of integrity, honesty, impartiality and objectivity. • Rules of Procedure – covering Council, Open Government, Access to Information, Budget and Policy Framework, Executive, Overview and Scrutiny, Officer Employment and Contract and Financial Procedure Rules. The rules set out arrangements to be followed by elected Councillors and Officers when conducting the Council’s business with the aim of publicly demonstrating accountability and openness. • Standards Committee (pages 71 and 72) - the role of which includes, amongst other things, promoting and maintaining high standards of conduct by elected Councillors. • Whistle-blowing Policy (from page 42) – promoting the highest possible standards of service and setting out how workers can bring information about a wrongdoing to the attention of the Council. • Anti-fraud, Bribery & Corruption Strategy. • Gifts and hospitality Policy. • Comments, Compliments and Complaints – setting out how the Council handles and responds to the feedback (complaints, compliments and comments). • Officer Guide.

Good Governance Principles	Examples of key systems, processes and documents in place within the Council
Defining outcomes in terms of sustainable economic, social and environmental benefits	<ul style="list-style-type: none"> • Performance Management Framework. • Corporate Plan and Service Delivery Plans. • Quarterly Performance Report (including Risk Register up dates). • Risk Management Strategy. • Annual Revenue Budget Strategy and three year Capital Programme. • Medium Term Financial Plan. • Scrutiny Committees.
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	<ul style="list-style-type: none"> • Corporate and Service Self Assessment process. • Corporate Plan. • Programme of elected Councillor and Officer training and development. • Workforce Plan 2017-22. • Schemes of Delegation.
Managing risks and performance through robust internal control and strong public financial management	<ul style="list-style-type: none"> • Corporate and Service Self Assessment process. • Risk Management Strategy. • Service Delivery Planning. • Quarterly Performance Report (including Risk Register up dates). • Corporate Performance Report (i.e. year-end annual report). • Audit Committee and an Internal Audit function. • Information Management Plan (including General Data Protection Regulation). • Budget and Policy Framework Procedure Rules and Contract and Financial Procedure Rules. • Medium Term Financial Plan.

Good Governance Principles	Examples of key systems, processes and documents in place within the Council
Implementing good practices in transparency, reporting, and audit to deliver effective accountability.	<ul style="list-style-type: none"> • Reporting protocols and calendars. • Statement of Accounts. • Annual Governance Statement. • Production of Annual Reports on key areas of business e.g. Corporate Parenting, Annual Equality Report. • Internal Audit external assessment and Charter. • Pension Fund Committee.

4.2 The *Delivering Good Governance in Local Government: framework* supports the principle for local authorities to develop and maintain an up-to-date local code of governance. In the case of the Council, its arrangements comprise of a number of codes and documents rather than a local code.

Proposal for Improvement

4.3 In line with the national framework, the Council should document and publish its arrangements within a local code of governance, following review and approval by elected Councillors.

5. **REVIEW OF EFFECTIVENESS**

5.1 The Council has responsibility for conducting, at least annually, an assessment of its governance framework including the system of internal control. The review of effectiveness has been led by the Group Director – Corporate and Frontline Services and supported by the Service Director – Performance and Improvement and Head of Internal Audit and Procurement Development Programmes.

5.2 The exercise has entailed reviewing the activities in place around the Council's main governance arrangements, discussing governance arrangements with senior officers across services and taking account of the findings from the Council's corporate assessment findings and external auditor reports.

5.3 The findings and proposals for improvement have been reviewed and challenged by the Council's Senior Leadership Team and Audit Committee, and have been set out below in line with the *Delivering Good Governance in Local Government: Framework (2016)*.

5.4 **PROGRESS MADE TO IMPLEMENT PROPOSALS FOR IMPROVEMENT REPORTED IN THE 2016/17 ANNUAL GOVERNANCE STATEMENT**

5.4.1 The 2016/17 Annual Governance Statement made 7 proposals for improvement. An up date on progress was reported to the Council's Audit Committee on [27th November 2017](#) and following consideration the Committee **RESOLVED:** '*That progress in respect of implementing the areas for improvement was to the satisfaction of Committee.*'

5.4.2 As at 31st March 2018, progress had been made against 6 of the 7 proposals:

- 4 recommendations had been fully completed;
- 1 recommendation was partly completed with further work required during 2018/19;
- 1 recommendation had a target date of 30th June 2018 and preparatory work is on schedule for completion within this timescale; and
- The target date for 1 recommendation is to be revised in line with receipt of up dated guidance from CIPFA.

5.4.3 It is considered that sufficient progress has been made in delivering the 2016/17 proposals for improvement with the requirement for further work to be completed in 2018/19. A detailed position statement is set out at Appendix A.

5.5 BEHAVING WITH INTEGRITY, DEMONSTRATING STRONG COMMITMENT TO ETHICAL VALUES AND RESPECTING THE RULE OF LAW

Behaving with integrity

Elected Councillors

5.5.1 Following the Local Government elections held on 4th May 2017, all elected Councillors were provided with an induction and an on-going programme of support that included an overview of the Council's Code of Conduct.

5.5.2 The Council's Scrutiny Committee meeting minutes were examined to determine whether proceedings were conducted in line with the Council's Code of Conduct. This identified that out of 42 meetings in 2017/18, all Minutes showed that declarations of interest were sought and declarations were made by elected Councillors, where appropriate. In addition, a Standards Committee was in place during 2017/18 and received no complaints in respect of the conduct of elected Councillors.

Council employees

5.5.3 All officers who started employment within the Council were provided with a local induction and an Individual Performance Review process was in place to support the personal development of officers.

Policies and Strategies

5.5.4 [Whistle-blowing arrangement](#) - the Council included a payslip insert to all employees in May 2017 providing information on how Council employees could access the Whistle-blowing Policy. During the year, 5 referrals were made via the Council's whistle-blowing arrangements, all were investigated and the outcomes from which were:

- 4 referrals were not founded and therefore no further action was taken; and
- 1 referral was founded and action was taken.

5.5.5 The Council also has a legal duty² to report annually on whistle-blowing disclosures and the report must be published annually on the employer's website or by other means appropriate for bringing the report to the attention of the public. For Rhondda Cynon Taf, this requirement was met via a report to Audit Committee on 30th April 2018.

5.5.6 Anti-fraud, Bribery & Corruption Strategy - the Council reviewed and updated its Anti-Fraud, Bribery & Corruption Strategy, and was reported and approved by Audit Committee on [27th November 2017](#). At this time, the Audit

² Whistle-blowing – under The Prescribed Persons (Reports on Disclosures of Information) Regulations 2017 (SI 2017/507)

Committee also supported the requirement to raise awareness via a payroll insert to all staff and it is noted that this is planned for May 2018.

- 5.5.7 During the year, 565 referrals were made via the Council's anti-fraud, bribery & corruption arrangements. The majority, over 99%, were in relation to suspected fraud against the benefit / income support system and were accordingly passported to the Department for Work and Pensions Fraud and Error Service (FES) for further investigation.
- 5.5.8 An annual report was presented to the Council's Audit Committee on 30th April 2018 setting out an update of activities carried out in relation to the prevention, detection and investigation of potential fraud during 2017/18, together with the associated outcomes. The report included a forward plan of targeted activity for 2018/19, to ensure the Council continues to operate within an effective anti-fraud culture across the organisation, with resilient preventive measures capable of identifying and addressing new threats.
- 5.5.9 Gifts and Hospitality Policy - the Council has a Gifts and Hospitality Policy and arrangements were in place, via registers, to record gifts and hospitality in line with the Policy.
- 5.5.10 Clear progress has been made to review and up date the above mentioned Policies and Strategies, and steps taken to raise awareness within the Council. The level of awareness and understanding of Council Officers should now be assessed to provide assurance that the documents, including induction arrangements, continue to be fit for purpose.

Comments, Compliments and Complaints

- 5.5.11 A report was presented to Cabinet on 19th September 2017 setting out an overview of the Council's statutory Social Services complaints procedure for the period April 2016 and March 2017. The report detailed that a total of 184 complaints were received, an increase of 28 compared to the previous year, and remains low in comparison to the number of people that come into contact with Social Services annually.
- 5.5.12 The Report also detailed that 59.5% of stage one complaints were responded to within the required timescale compared to 58% in the previous year, and is identified as an area for improvement. In addition, the Report included lessons learned to be addressed in 2017/18; a review of these demonstrated that a number had been completed (for example, the delivery of guidance and training for managers on subject access requests, the development of an information pack for parents of adults making the transition to supported living and a review of the Special Guardianship Order Financial Policy) and a number by their nature are on-going (for example, the need to assess the ability of recipients to maintain the confidentiality of sensitive reports linked to Child Protection Case Conferences).
- 5.5.13 In terms of non-social services comments, compliment and complaints, an up date is in the process of being compiled for reporting by 30th June 2018. It

is however noted that no regular analysis is produced and provided to Services to support performance management arrangements, for example, the number and type of complaints, and recurring themes. This should be an area for improvement in 2018/19.

Demonstrating a strong commitment to ethical values

- 5.5.14 In January 2018 an up dated 'Officer Guide' was issued that included, amongst other things, revised templates for Cabinet Reports and Officer Delegated Decisions to document how proposed decisions support the Well-being of Future Generations Act (Wales) 2015 (WFG Act). A review of Cabinet Reports presented in February and March 2018 confirmed the revised template had been implemented and showed a clear commitment to ethical values through consideration of the sustainable development principle³ (five ways of working).
- 5.5.15 Following the local government elections in May 2017, all elected Members received induction training on the Member's Code of Conduct that supports the principle of ethical values.

Respecting the rule of law

- 5.5.16 The Chief Executive (as Head of Paid Service) led the Council's officers and chaired the Senior Leadership Team (SLT). The SLT comprises, in addition to other key posts, the statutory roles of Chief Finance Officer (allocated to the post Group Director, Corporate & Frontline Services) and Monitoring Officer (allocated to the post Director of Legal and Democratic Services).
- 5.5.17 With specific regard to the Chief Finance Officer position within the Council during 2017/18, the role complied with the principles outlined in the CIPFA document '*The Role of Chief Finance Officer*' because the Chief Finance Officer:
- *Was a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest;*
 - *Was actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the organisation's financial strategy; and*
 - *Leads the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.*

To deliver these responsibilities the Chief Financial Officer:

³ Sustainable Development principle - the WFG Act sets out for public bodies 5 ways of working: long term, integration, involvement, collaboration and prevention

- *Led and directed a finance function that was resourced to be fit for purpose; and*
- *Is professionally qualified and suitably experienced.*

Proposals for Improvement

- 5.5.18 Policies and Strategies - undertake engagement within the Council to assess the level of awareness and understanding of the Whistle-blowing Policy, Anti-fraud, Bribery and Corruption Strategy, Gifts and Hospitality Policy and induction arrangements.
- 5.5.19 Comments, compliments and complaints (non-social services) – introduce arrangements to enable regular complaint analysis to be provided to Services.

5.6 ENSURING OPENNESS AND COMPREHENSIVE STAKEHOLDER ENGAGEMENT

Openness

A commitment to openness

- 5.6.1 The Council agreed and published an annual report in July 2017, called the [Corporate Performance Report](#), setting out its financial and performance results for the 2016/17 financial year and plans for 2017/18. In addition, Council approved the [Well-being Plan 2018-2023](#) on 28th February 2018; the priorities set out within this document complemented the Council's Corporate Plan priorities.
- 5.6.2 The Council operated a Freedom of Information (FOI) Act 2000 publication scheme in accordance with legislative requirements. During 2017/18 the Council received 1,027 FOI/Environmental Information Regulations (EIR) requests. Response statistics and any complaints investigated by the Information Commissioner's Office concerning FOI/EIR requests are reported through the Information Management Board's quarterly meeting highlight reports and allows the Board to maintain an overview of the Council's compliance with the relevant legislation.
- 5.6.3 The Council's website provided information on the [Freedom of Information Act 2000](#) and a [Publication Scheme](#) was in place to advise citizens how to request public information the Authority holds.
- 5.6.4 In terms of the Publication Scheme, from a sample of items selected from the Scheme and checked to the Council's website, all were found to be available.
- 5.6.5 The Council had in place a forward plan of Committee meetings together with the matters to be considered, where appropriate:
- The [17th May 2017](#) Council meeting agreed and published a calendar of meetings for the 2017/18 municipal year for Cabinet, Council, Licensing Committee, Audit Committee and the Planning & Development Committee, in line with its Constitution;
 - Cabinet published its work programme on [22nd June 2017](#) for the 2017/18 municipal year and refreshed this on three occasions: [19th September 2017](#), [19th December 2017](#) and [22nd March 2018](#); and
 - Scrutiny Committees agreed work programmes and these were publicly available on a stand alone [Scrutiny Work Programme](#) page on the Council's website, in line with a proposal for improvement made by the Wales Audit Office.

Decision making and scrutiny of decisions made

5.6.6 Cabinet is a key decision making body within the Council. From a review of reports presented to Cabinet during 2017/18:

- All reports were in the required format;
- A total of 95 reports were presented, 88 of which were made publicly available and 7 were excluded from the press / public on the grounds that the items of business involved the likely disclosure of exempt information, for example, commercially sensitive information; and
- For all decisions made by Cabinet during the year, 'Decision Notices' were published on the Council's website and did not become effective (i.e. implementable) until the expiry of 'five working days'⁴ after the Decision Notices were published.

5.6.7 Decisions taken by designated officers in 2017/18, called Delegated Decisions, and were published on the Council's website. A total of 32 Delegated Decisions were published, none were called in and did not become effective (i.e. implementable) until the expiry of 'five working days'⁵ after the Decision Notices were published.

Engagement with residents / stakeholders

5.6.8 The Council set out its commitment to engage with residents and stakeholders in its 'Corporate Plan 2016 – 2020' to help achieve the outcome of 'more involved and resilient communities'.

5.6.9 This commitment is supported through a dedicated [Consultation page](#) on the Council's and a wider commitment by the Council to engagement via the [Public Services Board](#) .

5.6.10 During the year, the Council undertook 28 consultation exercises, some in partnership with other public sector organisation. The results of consultation activity and engagement with local community groups have been included within reports to Cabinet, where relevant, to inform decision making. Examples include:

- [Public Spaces Protection Order](#) – agreed by Cabinet on 22nd June 2017 to introduce dog controls across Rhondda Cynon Taf;
- [Transfer of St Mairs Day Centre, Aberdare to Age Connects Morgannwg](#) – agreed by Cabinet on 19th September 2017 via the Council's [RCT Together Community Participation Programme](#); and

⁴ Five working days – this is called the 'call in period', as per the Council's Constitution, and provides opportunity for Councillors who are not members of the Cabinet to challenge the decisions that Cabinet make before they become eligible for implementation.

- [Secondary Care Substance Misuse Services in Cwm Taf](#) – agreed by Cabinet on 19th September 2017.

5.6.11 From reviewing a sample of consultation reports produced during 2017/18, a broad range of communication methods were on offer to encourage stakeholders to express their views. One of the largest consultation exercises during the year was the Annual Budget Consultation that engaged via social media (including a Youtube video), elected Councillor led engagement events, an on-line budget simulator, town centre roadshows, targeting specific groups such as the Older Persons Forum, RCT wide Youth Forum and the Disability Forum, and engaging directly with users of Council Services at Leisure Centres and Libraries. The impact of this approach is showing a trend of increased engagement, for example, the budget consultation exercise for 2018/19 ran from the 6th of November 2017 to the 18th of December 2017 and over 1,500 people were involved in the process (compared to 900 in 2017/18). The results of the consultation were attached at [Appendix 2 to the report to Full Council](#).

5.7 **DEFINING OUTCOMES IN TERMS OF SUSTAINABLE ECONOMIC, SOCIAL, AND ENVIRONMENTAL BENEFITS**

5.7.1 The 'Corporate Plan – 2016 – 2020' sets out the Council's priorities and outcomes to be delivered and arrangements were in place during the year to test if these continued to be relevant:

- The 2017/18 Budget Consultation process received feedback from 178 consultees on whether they thought the existing priorities were the right ones; 131 (73.6%) indicated they thought that they were;
- The key actions to be delivered, as identified by the 2017/18 Service Self Assessments and operational Service Delivery Plans, complemented the priorities set out within the Council's Corporate Plan; and
- Corporate Plan priority updates were published during the year and reviewed and scrutinised by Cabinet and the Finance and Performance Scrutiny Committee.

5.7.2 A review of the three Corporate Plan action plans in place for 2017/18 identified:

- Actions were generally in line with the WFG Act sustainable development principle, for example,
 - Economy – a focus on collaborating with other South East Wales Councils over the long term (10 years) to maximise the economic benefits from the Cardiff Capital Region City Deal;
 - People – an on-going programme of investment in Leisure facilities, informed through consultation with residents, to support the well being of local people;
 - Place – working with partners to deliver training and awareness raising around the prevention of terrorism and radicalisation.
- The extent that performance indicator targets were 'stretching' was mixed, albeit, the on-going reduction in the level of resources available was a clear influencing factor. It is considered that for 2018/19, pre-scrutiny of target setting and draft action plans, will help test these arrangements; and
- Progress reports were presented to Cabinet and the Finance and Performance Scrutiny Committee on a quarterly basis during the year that included an agreed set of actions and suite of performance indicators (including benchmarking information where available) and an analysis of targets set.

5.7.3 There was clear evidence that Corporate Plan priorities were aligned with the Council's Medium Term Financial Plan and areas for additional investment, and were supporting the delivery of defined outcomes. Examples noted are set out below.

Medium Term Financial Plan

5.7.3.1 The Council's latest [Medium Term Financial Plan](#) covered the period 2017/18 to 2020/21 and indicated that 84% of the 2017/18 revenue budget and 98% of the three year Capital Programme (2017/18 to 2019/20) were allocated to Corporate Plan priority areas.

Investment

5.7.3.2 Additional investment was approved for delivery in 2017/18: [1st March 2017 Council](#) amounting to £7.514M and [29th November 2017 Council](#) amounting to £7M, and were aligned to the Economy, People and Place priorities to further improve infrastructure and the local environment, and also supporting apprenticeships jobs within the Council.

Delivery of defined outcomes

5.7.3.3 Table 2 shows performance against the delivery of a selection of defined outcomes.

Table 2 – Delivery against defined outcomes

Corporate Plan Priority	Defined Outcome	2017/18 Performance ⁶
Economy	Work with Communities First (and other partners) to...reduce unemployment	No. of people supported that have entered employment (Communities First) – 334 against a target of 238.
People	More residents being supported to live in their own homes;	% of adults who completed a period of reablement & have no package of care & support 6 months later - 77.84% against a target of 77.23%.
Place	Rhondda Cynon Taf's streets will be kept clean and tidy	% of highways inspected of a high or acceptable standard of cleanliness – 99.8% against a target of 95%

⁶ 2017/18 performance – based on the Council's quarter 3 Performance Report

Proposal for improvement

- 5.7.4 Draft Corporate Plan priority action plans for 2018/19 should be subject to pre-scrutiny to assess, amongst other things, the basis of performance indicator targets and whether the actions included will help to deliver defined outcomes.

5.8 DETERMINING THE INTERVENTIONS NECESSARY TO OPTIMISE THE ACHIEVEMENT OF THE INTENDED OUTCOMES

Determining and planning interventions

- 5.8.1 The Council's decision making arrangements during 2017/18 were based on written reports in an agreed format, as set out in Section 5.6, having regard to financial, legal and consultation matters, and alignment with the WFG Act (this includes, for example, Council and Cabinet reports).
- 5.8.2 A review of Cabinet Reports during year showed that the suite of information to inform decisions was comprehensive. One decision approved by Cabinet on 19th September 2017 was called in: *Review of the Council's Senior and Associated Management Post Structure* and this matter was considered by the Overview and Scrutiny Committee on [2nd October 2017](#). At this time, the Committee determined that the '*matter not be referred back and that the decision taken on the 19th September, 2017 take effect as from the close of this meeting*'.
- 5.8.3 Of the approaches or interventions used by the Council during the year, overall, these are making a positive contribution to the delivery of outcomes in line with Corporate Plan priorities. The key interventions noted are set out below.

Cabinet and the Senior Leadership Team (SLT)

- 5.8.3.1 The Cabinet and SLT have jointly planned the work programme of items to be reported during the year and required timescales, with this informing the pace of progress and outcomes being delivered. This has included:
- Economy priority – a focus on regenerating the County Borough, for example, progressing the Taff Vale Development in Pontypridd town centre, as reported to [Cabinet on 28th September 2017](#);
 - People – the commencement of a medium term programme of work to develop extracare facilities across the County Borough to help improve outcomes for those adults who require support to live independently, as reported to [Cabinet on 28th September 2017](#); and
 - Place – the on-going delivery of a highways investment programme to further improve the condition of the roads to help keep the economy moving. The on-going investment is making a positive impact where the percentage of principal (A) roads, non-principal (B) roads and non-principal (C) roads that are in overall poor condition was 8.6% in 2015/16, 7.2% in 2016/17 and 5.7%⁷ in 2017/18.

⁷ Condition of roads (5.7% in 2017/18) - subject to year end validation process

Scrutiny Committees

5.8.3.2 Scrutiny Committees have undertaken discrete areas of work that have supported changes to service provision. This has included:

- Children and Young People Scrutiny Committee - Free Sanitary Provisions in schools that was supported by Council on [28th February 2018](#) and it is noted that Cabinet at its meeting on 19th April 2018 agreed a plan to enable the initiative to be implemented.
- Finance and Performance Scrutiny Committee – Bereavement fees and charges for war veterans and men and women. This was reviewed by the Committee on 18th December 2017 who helped formulate a pilot scheme to reduce the total costs of all bereavement services provided by the Council for war veterans by 25%. This was included within the [2018/19 Revenue Budget Strategy Report](#) presented to Council on 28th February 2018 (Appendix 3).
- Public Service Delivery, Communities and Prosperity Scrutiny Committee – following a review of the Cabinet Work Programme, the Committee pre-scrutinised the area of ‘Increasing Recycling Performance’ and reported proposals to Cabinet. These were endorsed at its meeting on [15th February 2018](#).
- Overview and Scrutiny Committee - following a review of the Cabinet Work Programme, the Committee pre-scrutinised ‘the Corporate Plan – The Way Ahead’ and ‘Transforming Adult Social Care – development of extra care housing’. With regard to the latter, the final report to Cabinet was reinforced, following the pre-scrutiny process, to clarify site location.
- Health and Wellbeing Scrutiny Committee – the Committee reviewed and supported for the provision of defibrillators to be made available within specific Council buildings across the County Borough (as reviewed by the Committee on [20th February 2018](#)).

Quarterly Performance Report

5.8.3.3 Performance Reports for quarters 1 to 3 provided updates on financial performance; progress against Corporate Plan priorities (including performance indicators and investment); staffing including sickness absence; and strategic risks, and provided electronic links to more detailed information. With specific regard to financial performance, Corporate Plan priority and strategic risk up dates, exceptions were highlighted, explained and the corrective action to be taken included within reports. There was evidence of scrutiny challenge around financial and performance results and requesting further information to be included within reports to aid the reader’s understanding.

Fees and Charges

5.8.3.4 Cabinet agreed Fees and Charges for 2017/18 on [9th February 2017](#) that included 'no increases' for specific areas that linked to Corporate Plan priorities, for example, car parking, summer and winter fees (sports clubs), domiciliary care, trade refuse (recycling), meals on wheels and schools meals.

Optimising achievement of intended outcomes

5.8.4 On [28th September 2017](#) Cabinet agreed a way forward to deliver the Corporate Plan in a climate of further funding reductions by investing in Rhondda Cynon Taf's future and by improving and delivering essential services in a different way. This involved the creation of 5 workstreams to invest in to improve essential services: Digitalisation, Commercialisation, Early Intervention and Prevention, Independence and Efficient and Effective Organisation.

5.8.5 Table 3 notes respondents feedback when asked whether they thought the Council should focus on these key areas as part of the 2018/19 Budget Consultation exercise.

Table 3 – Respondents feedback

	Yes (%)	No (%)	Don't Know (%)
Digitisation	78	16	6
Early Intervention and Prevention	89	4	7
Commercialisation	64	23	13
Efficient and Effective	89	5	6
Independence	67	20	13

5.9 DEVELOPING THE ENTITY'S CAPACITY, INCLUDING THE CAPABILITY OF ITS LEADERSHIP AND THE INDIVIDUALS WITHIN IT

Developing the entity's capacity

- 5.9.1 The Council has continued to undertake a 'corporate self assessment' and complete 'individual service self assessments' to assess the organisation's current position and areas for improvement, the latter being incorporated into service planning processes.
- 5.9.2 The above self assessment and planning arrangements, supported by the 2017/18 Revenue Budget Strategy and an on-going programme of investment, continues to evidence that the Council is developing its capacity in priority areas albeit in the context of reducing funding levels for the Council as a whole. Examples were noted within each Corporate Plan priority area and are set out below.
- 5.9.2.1 Economy – working collaboratively with other South East Wales Councils as part of the Cardiff Capital Region City Deal and the Council leading the transportation and housing themes of this programme. Working in partnership was also evident with the Central South Consortium Joint Education Service to improve education attainment and closing the attainment gap between those children eligible for free school meals and their peers.
- 5.9.2.2 People – working with the Health Service to put permanent hospital based social workers in place and implementing the new 'Stay well at home' service, both of which are having a positive impact on reducing the number of delayed transfers of care from hospital and helping to rehabilitate more people to maintain their independence. A new Resilient Families Programme has also been created to support the increasing number of families with complex needs and requiring support, this being a key risk area for the Council. The primary aim of the new service is to prevent statutory intervention by the Council, for example, preventing the need to bring children into the care of the Council.
- 5.9.2.3 Place – working with the Police and Crime Commissioner to run a *Divert Project* that focuses on first time offenders aged 18-25 to reduce re-offending and antisocial behaviour. Since the start of the programme, 96% had not re-offended 6 months after completion of the intervention.
- 5.9.3 Capacity building was also noted as a key principle in other areas of the Council's work. This included:
- Working with local groups to help them become providers of services / activities in communities, via the Council's RCT Together initiative. Examples noted were provision at Maerdy and Beddau Libraries with in excess of 1,300 and 900 members respectively, and the Feel Good Factory with nearly 80 members who use the facility to exercise.

- Investment in digitisation to enable agile working and support further improvement in productivity, work / life balance and utilisation of space within Council buildings. It was noted that agile working is currently in place within Adult Services and the Public Health and Protection Service, and a programme is being devised to roll-out to other service areas in 2018/19. The Council's approach to digitisation has also focussed on the customer, with on-line transactions now representing around 50% of all transactions.
- A focus on improving attendance through targeting areas with high levels of sickness. The Council's publishes its sickness information on a quarterly basis; the latest position as at 31st December 2017 showed a slightly improving trend: 4.34% at December 2017 compared to 4.42% in December 2016.
- Investment in apprentice and graduate jobs in professions the Council has identified need to be developed. During 2017/18, 33 apprentices and 13 graduates were appointed covering areas such as engineering (civil / electrical / mechanical), IT, Digital Services, Accounting, mechanic and aquatics.

Developing the capability of the entity's leadership and other individuals

- 5.9.4 Part 3(i) of the Council's Constitution, 'Responsibilities for Functions', sets out the responsibilities of the Leader of the Council, the Cabinet and designated employees of the Senior Leadership Team (Section 3A) and is kept under on-going review, for example, an up date to the Leader's Scheme of Delegation of Executive Functions was published on [18th July 2017](#).

Developing the capabilities of councillor

- 5.9.5 Following the local government elections in May 2017, a programme of training commenced for elected Councillors to ensure they were equipped with the appropriate skills, knowledge and support to fulfil their roles. Areas of training delivered were:
- How the Council Works - providing an understanding of the Executive and Scrutiny arrangements within the authority;
 - Code of Conduct;
 - Welsh Language – Setting the Standards;
 - The Modern Member – focusing on practical casework and advocacy skills to assist Members in managing challenging constituents and difficult situations;
 - Local Government Pension Scheme;
 - Meeting with Officers of the Senior Leadership Team – newly elected Members were given the opportunity to meet with the Chief Executive

and Senior Officers and received a brief overview of each of their respective areas of responsibility;

- Scrutiny Training – including ‘Making a Difference through Scrutiny’, ‘Effective Questioning and Listening Skills’, ‘Achieving Effective Scrutiny of Children’s Services’ (delivered to Members of the Children & Young People Scrutiny Committee) and ‘Local Government Finance’ (delivered to Members of the Finance & Performance Scrutiny Committee);
- An Introduction to Local Authority Licensing – covering Taxi Licensing, Licensing Act 2003 including Police Reform and Social Responsibility Act, changes, reviews, offences and appeals; and
- Charing Skills – for the Chairs and Vice-Chairs of the Planning & Development Committee, Licensing Committee and Scrutiny Committees, and the Chair of the Democratic Services Committee.

5.9.6 It was noted that evaluation forms are provided at sessions; however, to date limited feedback is received.

Developing the capabilities of employees

5.9.7 The Council put in place a Workforce Plan 2017-22, following engagement with services, and was approved by Cabinet on [15th February 2018](#). The plan has set priorities that align to the Council’s Corporate Plan:

- Developing a flexible and agile workforce that shares organisational knowledge;
- Recruiting and retaining the best talent to create a diverse workforce;
- Leadership and management development;
- Enabling a high performing, engaged and committed workforce; and
- Supporting health and wellbeing to maximise attendance.

5.9.8 Staff development has been supported through induction sessions, Leadership and Middle Management Development Programmes, Manager Briefings, ‘Joint Cabinet and Manager meetings’ and a range of operational training such as health and safety, information management and dignity at work. This was supported by a new Training Compendium that brought together all training available within the Council. It was also noted that evaluation forms are provided at training sessions; however to date, limited feedback is received.

Proposal for Improvement

5.9.10 In view of the limited level of training event feedback provided, engage with attendees to identify alternative methods of obtaining feedback to ensure that training resources provide maximum benefit for attendees.

5.10 **MANAGING RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT**

Managing risk

- 5.10.1 The Council has a Risk Management Strategy that was approved by Cabinet in [March 2014](#) and set out the overall purpose and framework for risk management within the organisation.
- 5.10.2 It was noted that the Council's risk management arrangements were reviewed in consultation with the Group Director, Corporate & Frontline Services and the Chief Executive during the first quarter of 2017/18. Following review, the format of the Strategic Risk Register was changed to provide more specific information to stakeholders in respect of controls and actions in place to manage the individual risks. Risk up dates form part of the Council's Performance Report that was published on a quarterly basis throughout the year.
- 5.10.3 During 2017/18, the Council complied with the strategy because it up dated its Strategic Risk Register at the start of the year to align with Corporate Plan priority areas, aligned risks to risk holders and incorporated strategic risk up dates into quarterly Performance Reports. To assess whether the current Risk Management Strategy document remains fit for purpose, this should be reviewed and if appropriate up dated during 2018/19.

Managing performance

- 5.10.4 The Council has taken steps to strengthen its performance management arrangements during the year through Service Self Assessment / Service Delivery Planning 'challenge sessions' with the Chief Executive and designated Cabinet Member. The outcome of this work is supporting an overall improvement in the content of the documents via more clearly defined outcomes and measures being set. Steps have also been taken to introduce revised and proportionate individual performance management arrangements to all staff.
- 5.10.5 The Council is using partnerships to help deliver its own strategic plans and manage performance, with priorities based on a sound understanding of local needs, for example, [Population Needs Assessment and the Well-being Assessment](#) and [Local Housing Market Assessment 2017/18 - 2022/23](#). Shared priorities, in particular, are benefiting from closer partnership working around areas such as the 'Stay well at home service' and the new early intervention service supporting the two A&E hospitals having significant success to date, in particular over the winter months, reducing delayed discharges and ensuring significantly less elective surgeries were cancelled during the period than in prior years.

Robust internal control

- 5.10.6 The membership and meeting frequency of the Council's Audit Committee (6 meetings) during 2017/18 was in line with the Council's Constitution and legal requirements.
- 5.10.7 The Council's Head of Internal Audit presented the Internal Audit Annual Report 2017/18 to Audit Committee on 30th April 2018 setting out the work of Internal Audit over this period. Based on the information provided to Audit Committee during the year, it concluded that '...the overall system of internal control within the Council operated effectively during 2017/18 with some areas identified for improvement – particularly within the comprehensive school sector.
- 5.10.8 A review of a sample of Audit Committee meeting minutes identified:
- A number of internal audit opinions concluded that the standard of internal control at specific establishments was insufficient and require improvement, mainly in relation to the school sector;
 - As a result, Audit Committee requested 'follow up visits' to determine whether the required improvements in internal control had been made;
 - 6 of the 8 'follow up visits' were completed in 2017/18 and all demonstrated satisfactory improvement in the standard of internal control. It is noted that the remaining 2 visits will be finalised in the first quarter of the 2018/19 financial year; and
 - It is also noted that Audit Committee have requested more thematic reviews to be undertaken of secondary schools in 2018/19, following consideration of reports received in 2017/18, focussing on areas of highest risk.
- 5.10.9 The CIPFA 'Audit Committees: Practical Guidance for Local Authorities and Police. 2013 Edition' provides an overview of the core functions of an Audit Committee. A review of compliance against the Guidance was incorporated into the workplan of Audit Committee during 2017/18. The CIPFA Guidance was due to be updated and re-published during quarter 4 of 2017/18; however, at the time of this annual governance statement, an update had not been released. It is noted that this work will now take place during 2018/19 (further to receipt of up dated guidance).

Managing data

- 5.10.10 An Information Management Plan is in place that sets out the framework, including legal requirements, for information management within the Council.
- 5.10.11 A review of the arrangements in place during 2017/18 identified they were in line with the agreed governance structure:
- Key responsibilities were designated within the Council: The Council's designated Senior Information Management Risk Officer (SIRO) is the

Group Director, Corporate & Frontline Services and there was a Information Management & Data Protection Act Officer who reports to the Head of Information Technology;

- An Information Management Board was in operation, Chaired by the SIRO, with the Board being supported by an Information Management Working Group;
- Information was available on the Council's website in respect of Data Protection and Freedom of Information, and has set out in Section 5.6 a [Publication Scheme](#) was in place in accordance with the Council's responsibilities under the Freedom of Information Act 2000; and
- The Council continued to secure its annual accreditation to the Public Service Network (PSN) in September 2017 i.e. The 'PSN' is the Council's connection to the wider public sector network (Council to Council, Council to Government e.g. Department for Work and Pensions) to enable the Council to communicate and share data securely across all public bodies.

5.10.12 It was noted that alongside the above activity, the Information Commissioner's Office (ICO) investigated 8 referrals (2 self referrals and 6 external). No further action was taken in each case and the ICO determined the following:

- 3 cases were likely to have been the result of a breach of the Data Protection Act (DPA);
- 3 cases were unlikely to have been the result of a breach of the DPA;
- 1 case did not meet the threshold for investigation; and
- 1 case was withdrawn.

General Data Protection Regulation (GDPR)

5.10.13 In addition to the normal business of the Information Management requirements placed upon the Council, the General Data Protection Regulation (Regulation (EU) 2016/679) comes into effect on 25th May 2018.

5.10.14 The GDPR is a regulation intended to strengthen and unify data protection for all individuals within the European Union (EU). The primary objectives of the GDPR are to give individuals greater control of their personal data and to simplify the regulatory environment. When the GDPR takes effect, it will replace the Data Protection Directive 1995 (under which the UK Data Protection Act 1998 was made).

5.10.15 A Report was presented to Cabinet at the meeting held on [22nd March 2018](#) providing an overview of the preparatory work being undertaken in readiness for the 25th May 2018 and agreeing a Data Protection Policy and to designate the post of Data Protection Officer to an existing member of staff.

Public Services Ombudsman for Wales

- 5.10.16 During the 2017/18 financial year, no investigations were undertaken by the Public Services Ombudsman for Wales in respect of the Council. It was noted that 10 referrals⁸ were considered through the Council's Complaints and Concerns Procedure the outcomes from which were: no further action deemed necessary for 8 and 2 referrals are currently being reviewed (received in March 2018).
- 5.10.17 It was also noted that an 'early resolution' procedure was made, via the Public Services Ombudsman for Wales, in respect of a further complaint. This was settled via a letter of apology from the Council and a small payment in recognition of this.

Strong public financial management

- 5.10.18 The Council has publicly demonstrated its commitment to strong and responsible financial planning and management, and has supported this through the delivery of sound financial performance during a period of reducing budgets. This is because:
- A key cross-cutting principle within the Council's Corporate Plan is '*Live within our means*', in effect setting out the importance of sound financial planning and management within the organisation;
 - The Council has a suite of protocols supporting strong financial planning and management, for example, 'Budget and Policy Framework Procedure Rules' and the 'Financial Procedure Rules'. In the case of the latter, it was noted that the document has not been updated in the past 2 years and therefore requires review;
 - The Council set a Revenue Budget in 2017/18 after taking account of a significant budget gap, with savings being delivered from areas that did not affect frontline services. The Council also continued to take a responsible approach to Council Tax increases, having regard to residents feedback as part of the revenue budget consultation process, and set a 2.25% Council Tax increase which was lower than the all Wales average increase of 3.04% and in line with the ambition set out in the Corporate Plan;
 - Financial performance results were publicly reported every three months during the year and scrutinised by elected Councillors. The latest financial performance results, for the period April 2017 to December 2017, forecast that the Council will deliver a £0.487Million

⁸ Referrals – referrals are where members of the public complain to the Ombudsman without exhausting the local authority's complaints procedure first. The Ombudsman therefore refers these back to the local authority to be considered in line with their complaints procedure

underspend on its revenue budget against a total budget of £458.940Million (a 0.1% variance);

- The Council kept its finances under on-going review throughout 2017/18 and was able to release £7.0M of resources from earmark reserves. This was approved by Council on [29th November 2017](#) and supported investment in Corporate Plan priority areas. It is noted that the release of one-off funding as a result of early identification of savings or from assessing the Council's specific reserves has been a consistent approach in enabling significant additional investment in recent years;
- The Council is financially stable as a result of it: maintaining General Reserve balances at the minimum level as at 31st March 2017 (as assessed by the Council's Chief Finance Officer); having a track record over a number of years of setting and delivering balanced revenue budgets; and having 'clean bills of health' on its year end accounts when audited by the Wales Audit Office. It was noted that the Council is also taking steps to meet the requirements of up dated legislation that will require all local authorities in Wales to prepare their draft Statement of Accounts earlier and for the external audit of these to also be completed earlier; and
- The Council had sound medium term financial planning arrangements that robustly forecasted future spending and funding levels, and published an up date during the year.

Proposals for improvement

- 5.10.19 Review the Council's Risk Management Strategy document to assess whether it remains fit for purpose. Where revisions are deemed required, these should be reported to elected Councillors for review and sign off before being re-published.
- 5.10.20 Review, and where required, up date the Council's Financial Procedure Rules and report revisions to elected Councillors for consideration / approval.

5.11 **IMPLEMENTING GOOD PRACTICES IN TRANSPARENCY, REPORTING, AND AUDIT TO DELIVER EFFECTIVE ACCOUNTABILITY**

Implementing good practice in transparency and reporting

5.11.1 The Council has implemented an open and consistent approach to reporting its business, as set out in earlier sections of this Annual Governance Statement, with the aim of helping to ensure information is understandable to stakeholders and that they have the opportunity to challenge the Council's performance, plans and decisions.

5.11.2 A review of a sample of information reported to Council, Cabinet, Scrutiny Committees and Audit Committee has revealed that:

- Annual Reports and Plans are reported publicly, providing an overview of performance either on a council wide basis or in relation to specific areas of business, for example:
 - The Council's audited Statement of Accounts 2016/17 reported and approved by Council on [20th September 2017](#) in line with the statutory timeframe;
 - The Corporate Performance Report setting out an assessment of the Council's performance for 2016/17 and plans for 2017/18, these being reported to Council on [19th July 2017](#). The Wales Audit Office has a statutory duty to review the Council's arrangements in this area and issued a 'certificate of compliance' In November 2017;
 - Annual Reports / Plans presented to Cabinet: [Cwm Taf Carer's Annual Report 2016/17](#), [Corporate Parenting Board - Annual Report](#), [National Adoption Annual Report](#) and [Annual Equality Report](#).
- The minutes of meetings confirm that designated officers attended Committee meetings to orally present reports and answer questions, and a number of occasions were noted where updates were delivered via presentations.

Proposal for Improvement

5.11.3 As part of the above review, it was noted that the Council's Annual Governance Statement was incorporated within the Statement of Accounts and was not a stand alone document. To increase the prominence / awareness of the Annual Governance Statement, this should be a stand alone document on the Council's website.

Assurance and effective accountability

Internal Audit

- 5.11.4 The Council's Internal Audit Service was subject to an external assessment during 2016/17 to determine conformance or otherwise with the Public Sector Internal Audit Standards. The external assessment (required to be done once every 5 years) concluded that the service '*complies with the Standards in all significant areas, the impact of the non-conformances identified is not considered to be significant*'. The outcome of the external assessment was presented in full to the Audit Committee held on [20th March 2017](#) (Appendices 3A and B).
- 5.11.5 The Council's Internal Audit Service also had an Internal Audit Charter for the 2017/18 financial year that was approved by Audit Committee on [20th March 2017](#) and sets out the Service's position within the organisation, for example, its authority to access records, personnel and physical properties relevant to the performance engagements. From a review of Audit Committee reports during the year, the Internal Audit Service was delivered in line with the requirements set out in the Charter.

Wales Audit Office recommendations

- 5.11.6 The Council has a process in place for agreeing and monitoring the implementation of recommendations / proposals for improvement made by the Wales Audit Office. It was noted that Wales Audit Reports were reported to Cabinet and then to [Audit Committee](#) and the [Overview and Scrutiny Committee](#) during the year, with the responsibilities of the role of both Committees set out in covering reports.
- 5.11.7 During 2017/18 the Council also [developed a section on its internet site](#) that set out all regulatory reports received by the Council since December 2015.

5.12 OTHER KEY GOVERNANCE ARRANGEMENTS

Amgen Cymru Ltd

- 5.12.1 Rhondda Cynon Taf CBC holds 100% of the voting rights of Amgen Cymru Ltd., who in turn hold 100% of the voting rights of Amgen Rhondda. The Council also holds 100% of the allotted preference shares in Amgen Rhondda Ltd. The principal activities of Amgen Cymru is to provide waste management services and waste disposal facilities. Amgen Rhondda is responsible for the stewardship of the Nant y Gwyddon landfill site.
- 5.12.2 The directors of the companies are responsible for ensuring there are sound governance arrangements including a robust system of internal control.

5.12.3 The Council removed the “arms length” status of the companies during 2009/10, therefore many of the aspects of the Council’s governance arrangements such as policies, processes and controls apply to the companies.

5.12.4 During 2017/18 there have been no significant governance issues that have been identified by the Amgen Company directors, internal auditors or external auditors.

Pension Fund

5.12.5 Rhondda Cynon Taf County Borough Council is the Administering Authority for the Rhondda Cynon Taf Pension Fund. Whilst the governance arrangements detailed in this statement apply equally to the Council’s responsibilities to the Pension Fund there are further specific requirements for Pension Funds which are detailed in a number of key documents:

- Governance Statement of Compliance which indicates the Fund’s position against the Government’s best practice standards;
- Governance Policy Statement which provides an overview of the management structure, decision making and employer engagement;
- Communication Policy Statement which details the communication and information services to participating employers and scheme members;
- Pension Fund Administration Strategy which seeks to improve efficiency in the delivery of agreed standards of quality and to ensure compliance with statutory requirements;
- Investment Strategy Statement which details how Fund investments are managed;
- Funding Strategy Statement which provides a summary of how we will fund our pension liabilities.

5.12.6 All of these documents can be found at the following link:
www.rctpensions.org.uk

5.12.7 The Public Service Pensions Act 2013 introduced a number of changes to public service pension schemes, including some significant changes for the governance of such schemes. In accordance with the Act, the Council established a Local Pension Board to assist Rhondda Cynon Taf County Borough Council in its role of Administering Authority ('Scheme Manager' in):

- Securing compliance with the Principal Regulations and any other legislation relating to the governance and administration of the LGPS;
- Securing compliance with the requirements imposed in relation to the LGPS by the Pensions Regulator; and
- Ensuring the effective and efficient governance and administration of the LGPS by the Scheme Manager.

5.12.8 The Pension Board is made up of two employer representatives and two member representatives.

- 5.12.9 In 2016/17 the Council established a formal Pension Fund Committee (subject to the provisions of Section 101 of the Local Government Act 1972) to oversee its responsibilities with regard to the administration of the RCT Pension Fund. The Pension Fund Committee consists of 5 elected members and is politically balanced.
- 5.12.10 The Committee is responsible for the strategic management of the RCT Pension Fund with all operational matters continuing to be delegated to the Group Director Corporate and Frontline Services (as the Section 151 Officer or in his absence the Deputy Section 151 Officer) who are supported by an Investment and Administration Advisory Panel with appropriate officer, independent advisor and professional support.
- 5.12.11 The Pension Fund Committee met 4 times during the Municipal Year 2017/18.
- 5.12.12 In early 2017, a Joint Governance Committee (JGC) was established in accordance with an inter-authority agreement, responsible for oversight of the Wales Pension Partnership (WPP) investment pooling collaboration of the eight LGPS funds in Wales. The eight Welsh Pension Fund Committee Chairs or their nominated deputy (elected member) attend the JGC and are supported by an officer working group. In January 2018, the WPP appointed an 'Operator' to establish and run a collective investment vehicle for the sole use of the Local Government Pension Scheme (LGPS) funds in Wales.

A summary of the pooling objectives of the WPP are:

- Generate consistent net of fee excess returns;
- Diversify manager risk;
- Reduce average manager fees;
- Achieve tax efficiency by reclaiming withholding tax on dividends (for non-UK equity sub-funds);
- Meet the Government deadlines by establishing one sub fund submission to the FCA; and
- Equitably share the costs of transitioning into sub-funds.

6. **OVERALL ASSESSMENT OF THE COUNCIL'S ARRANGEMENTS**

6.1 Based on the assessment undertaken, it is considered that the Council's governance arrangements were fit for purpose and publicly demonstrated how the Council's work and resources have contributed to the delivery of Corporate Plan priorities and outcomes. This overall conclusion is supported by:

- Sound arrangements to support elected Councillors and Officers in the effective discharge of their responsibilities and also in maintaining high standards of conduct when undertaking business on behalf of the Council;
- Processes in place to up date governance related documents, such as the 'Anti-fraud, Bribery and Corruption Strategy' and 'Whistle-blowing' arrangements, raise awareness of these documents within the Council and also publicly reporting on the Council's performance in such areas;
- An open approach to engaging with stakeholders and planning and delivering services, a number of which being in partnership with others;
- Clear arrangements for decision making that were: supported by robust service management, financial management and scrutiny arrangements; informed by consultation feedback where appropriate; and tested against the requirements of the Well-being of Future Generations Act;
- The continued reporting of understandable priorities and ambition, as set out in the Council's Corporate Plan, with progress reports demonstrating generally improving outcomes and performance at the same time as maintaining financial stability;
- Regular reporting of the Council's performance, with examples of 'exceptions' being reviewed and challenged by Scrutiny Committees;
- A medium term approach to financial planning that helped inform strategic decision making and prioritisation of resources through on-going public sector austerity; and
- The Council having a track record of implementing Annual Governance Statement recommendations in previous years.

6.2 Notwithstanding this overall position, the assessment has identified areas where improvements are deemed necessary to further reinforce the effectiveness of the Council's current arrangements. These are set out in Section 7.

7. PROPOSALS FOR IMPROVEMENT

7.1 Further to completing the assessment of the Council’s governance arrangements, Table 4 sets out proposals for improvement.

Table 4 – Proposals for Improvement

Core Principle / Area	Paragraph No.	Issue Identified	Recommendation	Timescale for Implementation	Responsible Officer
The Governance Framework	4.3	The Council’s governance arrangements comprise a number of codes and documents and are not brought together to form a local code of governance as set out in the national framework.	In line with the national framework, the Council should document and publish its arrangements within a local code of governance, following review and approval by elected Councillors.	Qtr 2 2018/19	Service Director – Performance and Improvement
Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	5.5.18	A number of actions were taken to raise awareness of policies and strategies within the Council; however, no information is collected around the extent of understanding.	Policies and Strategies - undertake engagement within the Council to assess the level of awareness and understanding of the Whistle-blowing Policy, Anti-fraud, Bribery and Corruption Strategy, Gifts and Hospitality Policy and induction arrangements.	Qtr 3 2018/19	Head of Organisational Development
	5.5.19	Complaints and Comments - no regular analysis is produced and provided to Services to support performance management arrangements, for example, the number and type of complaints, and recurring themes.	Comments, compliments and complaints (non-social services) – introduce arrangements to enable regular complaint analysis to be provided to Services.	Qtr 2 2018/19	Head Of Legal - Corporate And Democratic Services

Core Principle / Area	Paragraph No.	Issue Identified	Recommendation	Timescale for Implementation	Responsible Officer
Defining outcomes in terms of sustainable economic, social, and environmental benefits	5.7.4	Draft Corporate Plan priority action plans were not subject to pre-scrutiny in 2017/18.	Draft Corporate Plan priority action plans for 2018/19 should be subject to pre-scrutiny to assess, amongst other things, the basis of performance indicator targets and whether the actions included will help to deliver defined outcomes.	Qtr 1 2018/19	Service Director – Performance & Improvement and Performance Manager
Developing the entity’s capacity, including the capability of its leadership and individuals within it	5.9.10	Although evaluation forms are in place to gauge the value of training and development activities, feedback is limited.	In view of the limited level of training feedback provided, engage with attendees to identify alternative methods of obtaining feedback to ensure that training resources provide maximum benefit.	Qtr 1 2018/19 onwards	Head of Organisational Development
Managing risks and performance through robust internal control and strong public financial management	5.10.19	The Council’s risk management processes were reviewed in 2017/18 and improvements introduced to further strengthen arrangements. However, the Risk Management Strategy document was not reviewed / up dated.	Review the Council’s Risk Management Strategy document to assess whether it remains fit for purpose. Where revisions are deemed required, these should be reported to elected Councillors for review and sign off before being re-published.	Qtr 3 2018/19	Head of Internal Audit and Procurement Development Programmes
	5.10.20	The Council’s Financial Procedure Rules document has not been reviewed for 2 years.	Review, and where required, up date the Council’s Financial Procedure Rules and report revisions to elected Councillors for consideration / approval.	Qtr 2 2018/19	Service Director – Performance & Improvement

Core Principle / Area	Paragraph No.	Issue Identified	Recommendation	Timescale for Implementation	Responsible Officer
Implementing good practices in transparency, reporting and audit to deliver effective accountability	5.11.3	The Annual Governance Statement is not a stand alone document on the Council's website.	To increase the prominence / awareness of the Annual Governance Statement, this should be a stand alone document on the Council's website.	Qtr 2 2018/19	Head of Internal Audit and Procurement Development Programmes
<u>PROPOSALS FOR IMPROVEMENT TO BE CARRIED FORWARD FROM 2016/17</u>					
Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	2016/17 AGS	Complaints and Comments - no update is produced on a periodic basis to summarise the non-social services related complaints and concerns received and action taken.	In line with the timescale set in the 2016/17 Annual Governance Statement, this action is scheduled for completion by 30 th June 2018.	Qtr 1 2018/19	Head Of Legal - Corporate And Democratic Services
Managing risks and performance through robust internal control and strong public financial management	2016/17 AGS	Audit Committee – no self assessment has been undertaken against the standards set out in the CIPFA document 'Audit Committees: Practical Guidance for Local Authorities and Police - 2013 Edition'. This has been delayed due to awaiting receipt of up dated guidance.	The Council's Audit Committee, in consultation with the Head of Internal Audit, should undertake a self assessment against the Standards as set out in the CIPFA document 'Audit Committees: Practical Guidance for Local Authorities and Police. 2013 Edition'.	To be completed on receipt of up dated guidance	Head of Internal Audit and Procurement Development Programmes

7.2 The Council's Senior Leadership Team has accepted the proposals for improvement and is committed to their implementation during 2017/18. The Senior Leadership Team has also confirmed that an update on progress will be reported to the Council's Audit Committee during the year to enable Councillors to review and scrutinise the extent of progress being made.

Leader: _____

Chief Executive: _____

APPENDIX A

POSITION STATEMENT ON PROGRESS MADE TO IMPLEMENT 2016/17 PROPOSALS FOR IMPROVEMENT

Core Principle	Issue Identified	Recommendation	Timescale for Implementation	Responsible Officer	Position Statement
Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	The 'Anti-Fraud, Bribery and Corruption Policy and Procedure' was last up dated in 2013.	The Council's Anti-Fraud, Bribery and Corruption Policy and Procedure should be reviewed and up dated where relevant and reported to the appropriate Committee for scrutiny and sign-off. Thereafter, the up dated document should be used to inform awareness raising throughout the Council.	Qtr 3 2017/18	Service Director – Operational Finance	Completed (reported to Audit Committee 27/11/17 – link to the report
	Complaints and Comments - no update is produced on a periodic basis to summarise the non-social services related complaints and concerns received and action taken.	A periodic up date, for example annually, of all non-social services complaints and comments received by the Council should be produced, along with action taken / lessons learned, and reported to an appropriate Committee for review and where relevant further action.	Qtr 1 2018/19	Head Of Legal - Corporate And Democratic Services	On Target
Defining outcomes in terms of sustainable economic, social, and environmental benefits	The MTFP does not allocate the Council's Capital Programme over Corporate Plan priority areas	As part of updating the MTFP in 2017/18, the Council's Capital Programme resources should be allocated / categorised over Corporate Plan priorities to demonstrate or otherwise the prioritisation of resources.	Qtr 2 2017/18	Service Director – Performance & Improvement	Completed (reported to Cabinet 18/7/17 as part of the Council's up dated Medium Term Financial Plan)

Core Principle	Issue Identified	Recommendation	Timescale for Implementation	Responsible Officer	Position Statement
<p>Developing the capability of the entity's leadership and other individuals</p>	<p>Councillor / employee development / training – where operational training is delivered, its impact / benefit is not always captured.</p>	<p>Where Councillor and employee development / training activity takes place, information should be collected on an on-going basis to help demonstrate the longer term effectiveness of the training and also help inform future needs.</p>	<p>Qtr 3 2017/18</p>	<p>Head of Organisational Development</p>	<p>Partly Completed. Questionnaire in place however limited feedback. To be carried forward into 2018/19.</p>
<p>Managing risks and performance through robust internal control and strong public financial management Managing risks and performance through robust internal control and strong public financial management</p>	<p>Risk Management – the Council's Risk Management Strategy has not been reviewed / updated since 2014.</p>	<p>The Council's Risk Management Strategy should be reviewed, and where relevant updated, and reported to an appropriate Committee for review and sign off.</p>	<p>Qtr 3 2017/18</p>	<p>Head of Internal Audit</p>	<p>Complete. The Council's risk management arrangements were reviewed and updated in consultation with the Group Director, Corporate & Frontline Services and the Chief Executive during the first quarter of 2017/18.</p>

Core Principle	Issue Identified	Recommendation	Timescale for Implementation	Responsible Officer	Position Statement
<p>Managing risks and performance through robust internal control and strong public financial management</p> <p>Managing risks and performance through robust internal control and strong public financial management</p>	<p>Audit Committee – no self assessment has been undertaken against the standards set out in the CIPFA document ‘Audit Committees: Practical Guidance for Local Authorities and Police - 2013 Edition’.</p>	<p>The Council’s Audit Committee, in consultation with the Head of Internal Audit, should undertake a self assessment against the Standards as set out in the CIPFA document ‘Audit Committees: Practical Guidance for Local Authorities and Police. 2013 Edition’.</p>	<p>Qtr 4 2017/18</p>	<p>Head of Internal Audit</p>	<p>To be carried forward into 2018/19.</p> <p>The CIPFA ‘Audit Committees: Practical Guidance for Local Authorities and Police. 2013 Edition’ was due to be updated and re-published during quarter 4 of 2017/18. However, at the time of this annual governance statement, an update had not been released. As a result, this work will take place during 2018/19 (further to receipt of up dated guidance).</p>

Core Principle	Issue Identified	Recommendation	Timescale for Implementation	Responsible Officer	Position Statement
<p>Managing risks and performance through robust internal control and strong public financial management</p> <p>Managing risks and performance through robust internal control and strong public financial management</p>	<p>Information Management – no update is reported setting out the Council’s work and performance in this area.</p>	<p>The Council should report on a periodic basis, for example, annually, its work and performance around Information Management and provide opportunity for review and scrutiny.</p>	<p>Qtr 4 2017/18</p>	<p>Head of I.T</p>	<p>Completed.</p> <p>An overview of the Council’s Information Management function / governance arrangements was reported to the Overview and Scrutiny Committee at its meeting held on 14th November 2017.</p> <p>Following receipt of the report, the Committee resolved to receive an annual report in respect of the Council’s overall Information Management arrangements and this is due to be presented to the Overview & Scrutiny Committee early in the new Municipal Year.</p>
