

## ROYAL BOROUGH OF KINGSTON UPON THAMES ANNUAL GOVERNANCE ASSURANCE STATEMENT FOR 2018/19

### THE COUNCIL'S RESPONSIBILITY

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

In discharging its responsibility, RBK is required to put in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which include arrangements for the management of risk.

RBK has reviewed its Local Code of Corporate Governance to bring it in line with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government (2016)*. The Council's financial management arrangements conform with the governance requirements of the CIPFA statement on the Role of the Chief Financial Officer.

In line with the CIPFA/SOLACE framework, this statement is "an open and honest self-assessment" of the Council's performance across all its activities and:

- Describes the key elements of the Council's governance arrangements, covering all corporate systems and the range of activities for which the Council is responsible,
- Describes processes applied in reviewing their effectiveness, and
- Lists actions proposed to deal with significant governance issues identified.

This statement explains how the Council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2015 in relation to the publication of a statement on internal control. The Code of Corporate Governance was reviewed and updated in March 2019 to reflect changes in governance arrangements across the Council and the revised Code was reported to Audit, Governance and Standards Committee in July 2019.

## THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, culture and values, by which the Council is directed, controlled, accounts to, engages with and leads Kingston's communities. 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.

The CIPFA/ SOLACE Framework for Delivering Good Governance in Local Government (2016) provides a core set of seven principles, listed below, to support good governance and the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.

- **Principle 1** Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- **Principle 2** Ensuring openness and comprehensive stakeholder engagement.
- **Principle 3** Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- **Principle 4** Determining the interventions necessary to optimise the achievement of the intended outcomes.
- **Principle 5** Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- **Principle 6** Managing risks and performance through robust internal control and strong public financial management.
- **Principle 7** Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

The system of internal control is a significant part of that framework. It is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives. It can 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 Royal Borough of Kingston upon Thames' policies, aims and objectives, to evaluate the likelihood and the impact of those risks being realised and to manage them efficiently, effectively and economically.

## THE GOVERNANCE FRAMEWORK

The Constitution sets out the processes by which the Council considers issues and makes decisions. Its key purpose is to enable good quality decision making. It is a living document which requires regular maintenance and development to reflect the ongoing changes in legislation and the way we organise ourselves and do things. Over time, the Constitution has been developed in an ad hoc piecemeal way and a refresh was necessary to remove ambiguity, eliminate duplications, omissions and inconsistencies and ensure that it properly supports good quality decision making. A two stage review of the Constitution commenced in Autumn 2018. Phase 1 of the refresh has been completed to include the following:

- Re-balanced decision-making responsibilities between Officers and Members
- Streamlined and updated Scheme of Delegation to Officers
- Strengthened role and function of Neighbourhood Committees, including engagement
- Updated the governance of the Council's Commissioning arrangements
- Streamlined the Council's financial procedures contained in its Financial Regulations

- Updated the Member Code of Conduct

Phase 2 of the review will focus on:

- The procedural arrangements of the Council and its Committees including the way we manage meetings and make decisions
- Public participation in the decision making process in formal meetings and through mechanism such as Call-in and petitions
- How we manage our decision-making processes

A report on the proposed new arrangements is due to go to Full Council for consideration and approval in October 2019, for implementation from the 1<sup>st</sup> January 2019.

All core employee related HR policies have been reviewed and these will be implemented in Autumn 2019.

An LGA Corporate Peer Review took place in January 2019. The Peer Review was requested by the council as part of its plans for improvement. The review, led by senior officers and members from other councils, looked at the council's current performance against a set of core themes including our understanding of the local place and priority setting; leadership of place; financial planning and viability; organisational leadership and governance; and capacity to deliver. A final report was produced by the review team and published on the council's website on 14 March which included a number of observations and recommendations to help the council improve.

Overwhelmingly, the Review Team were struck by the potential and opportunity that exists for the council, both as an organisation and as a leader of place; *'The council has much to call upon to drive things forward, including a committed and talented workforce, a passionate elected membership and the goodwill of partners. The prospect of harnessing all of this and uniting it behind fulfilling the potential and the opportunity means that these are very exciting times for Kingston'*. Key recommendations for improvement were as follows:

- Capitalise upon the opportunity as an organisation and a leader of place, involving establishing a clear vision and sense of purpose.
- Seize the place leadership through building relationships with partners.
- Establish a single, shared understanding about the scale of the financial challenges being faced and mechanisms that provide real grip and rigour around the delivery of savings and budget spend.
- Bring about greatly improved communication across the council.
- Establish greater collective leadership of corporate and strategic issues.
- Determine what community engagement means in Kingston and the approaches to be adopted.
- Continue the review of the council's Constitution and governance arrangements.
- Conclude the organisational restructure in as timely a fashion as possible.
- Prioritise/sequence the corporate system and process changes that the council recognises are needed and then inject pace and rigour at each stage.

A detailed action plan has been developed and was presented to Full Council on 24 April 2019. These actions will be implemented over the next 12-18 months and will be added to Directorate Service Delivery Plans to ensure accountability is clear. In 18 -24 months time the LGA Peer Review Team will be invited back to look at how the council has made progress with the areas of improvement identified.

The Peer review, whilst recognising that there is still a lot to do to improve governance arrangements and corporate systems and processes, it did acknowledge the scale of work already undertaken.

A number of significant changes have been made to improve commissioning and procurement (C&P) governance and practice across the Council and more improvements are underway or are planned during 2019/20.

As part of the Council's reorganisation, an Assistant Director role was created with oversight of C&P and a new role was created as Corporate Head of Commissioning and Procurement with accountability for the service. Five new Commissioning Manager roles have also been created and whilst some newly created posts are currently filled by interim staff, these will be permanently recruited to in the coming months.

Processes to drive improved governance include a thorough review and implementation in March 2019 of revised Contract Standing Orders (CSOs) to give Members improved visibility and an enhanced role in shaping C&P strategies and overseeing the award of contracts. New templates, guidance and training have been created, supplemented by extensive support. New governance through a Commissioning Board went live in March 2019 for the review and approval of reports. To date this meets virtually.

Enhanced understanding of directorates projects and priorities has commenced. A draft commissioning pipeline has been jointly created with directorates which details all the planned C&P activity over the next 1-2 years, and a version that shows decisions over the next quarter. Similarly, a review of the contracts register is close to complete to ensure that it captures the main contracts. Directorate spend and compliance reporting has commenced showing the levels of on and off contract spend for services to take action. Finally, a review of adherence to GDPR requirements is substantially complete.

The next phase of improvements includes the following

- Recruitment to new posts in April/May to fill the remaining vacancies
- Development of Business Partner roles
- Process improvements will continue to embed with the new Commissioning Boards - Operational and Strategic - meeting in Q1 and supporting staff with the new processes. A comprehensive review of the implementation of the CSOs will provide learning for further improvements and training.
- During 19/20 the service will create a new overarching Commissioning framework which will encompass a social value policy, application of the London Living Wage in the supply chain, an ethical procurement policy and a contract management framework.
- Directorates engagement will continue with completion of an initial council wide Commissioning pipeline and contracts register plus improvements to the spend analytics to provide management information and inform priority areas of focus. The GDPR project will also transition to a business as usual process with directorate business owners once the current phase is complete.

Given issues identified by Internal audit around non compliance with procurement procedures together with the significant changes to structure and processes, ensuring that staff understand their roles and responsibilities, are adequately trained on procedures and new thresholds and are given sufficient procurement support, will be key going forward.

The Council has continued to build on the work undertaken in 2017/18 to improve Information Governance, Data Protection and Records Management in the Council in readiness for GDPR which came into effect on the 25<sup>th</sup> May 2018. Work has been coordinated through the Information Security Governance Board attended by all areas of the Council. The Council was compliant with the core areas of GDPR for the May 2018 deadline and since then, significant progress has been made in the creation and review of:

- all relevant policies;
- creation of an Information Asset Register;
- updated website to inform the public of their rights;
- Privacy notices updated and published online;
- review of when 'consent' is required, and recorded;
- Data Retention and Disposals;
- DPIA reviews - reviews are being undertaken as part of major changes and new systems;
- Staff Training and awareness - communications plan and Intranet pages;
- annual mandatory training for all staff;
- targeted training for specialised roles such as DPO and SAR training.
- training and support for Councillors;
- update of key contracts (further work progressing);
- engagement with business areas
- Cyber security accreditation
- PSN accreditation

This is the final year of the '4 Year Settlement Offer' from central government which provided some certainty over the resources available to the Council. Central government are proposing, and working with local government on a fair funding review and new approach to business rates retention which will fundamentally change local government finance. Within the Council, consistent with the national picture, there has continued to be a high level of demand for Adult Social Care. Work to manage this demand has reaped benefits - however there still remains increasing demand within this area. The high levels of demand in Children's Services continues to be a significant issue centred on children leaving care, Unaccompanied Asylum Seeking children (UASC) and Special Educational Needs (SEN) Transport.

The most critical financial pressure is the structural overspend in the Dedicated Schools Grant (DSG) high needs block with an estimated cumulative DSG deficit of £14.071m that continues to be single biggest financial risk facing the Council. The Council, working with the Schools forum, has developed a draft three-year transformation which is challenging and seeks to engage the whole system, everyone who delivers or receives SEND services, in resolving these issues. The plan provides a route map to bring spending within funding levels within the three years.

In respect of the Council's Direction of Travel, leadership design and recruitment to these posts is now complete and the next phase of organisational design covering all operational management (DOT 4) and non management roles (DOT 5) is nearly complete.

A full review and refresh of the Directorate risk registers has taken place and a process established to ensure that significant risks are escalated to the Corporate Risk register which is reviewed by SLT and reported to the Audit, Governance and Standards Committee on a quarterly basis. A Risk Management strategy has been developed and this now needs to be formally agreed and rolled out to ensure that processes are properly embedded so that risks are managed consistently across the organisation.

The Council has set up a cross-departmental Task and Finish work group, chaired by an SLT lead to coordinate the impact of Brexit. This group meets on a fortnightly basis to consider risks and impacts for major services. A Brexit risk register is kept updated and is regularly reported to SLT. As well as looking at external factors like supporting residents who are EU nationals, an assessment has been undertaken on the workforce and the group has been liaising with external partners like the police and major contractors including care providers.

New arrangements have been established to manage and report on performance across the Council. Key to this is the creation of a Corporate Performance and Risk Board to strengthen and manage the Councils corporate management of performance and risk . It's first meeting was held on the 1st April 2019.

The Corporate Plan has been agreed with tier 1 corporate KPIs monitored by the Board and SLT. Tier 2 KPIs have still to be finalised and these will be monitored by DMTs. The new performance process is being tested during Quarter 1 of 19/20 and will be formally rolled out in Quarter 2. From July 2019 there will be combined performance and risk reports to SLT with 6 monthly reporting to strategic committees. Responsibility for managing risks sits with DMTs and Directors to sign off however these will be subject to scrutiny by SLT.

Following on from this, the management of performance needs to be set within a formal performance policy which includes the establishment of a clear link between the Corporate Plan, Service Plans and the corporate appraisal process.

The role of the Health and Wellbeing Board has been reviewed and a considerable amount of collaborative work has been undertaken with health and care commissioning. This includes the development of the Kingston Coordinated Care (KCC) programme which is a model of locality working for Kingston led by the Provider Alliance to establish locality teams across the borough. The Providers Alliance is a partnership with representatives from Kingston's providers of health and care services – Staywell (Age Concern Kingston), home care, adult social care, Your Healthcare, general practice (represented by Kingston GP Chambers), Kingston Hospital, and the Mental Health Trust.

## **EFFECTIVENESS OF GOVERNANCE ARRANGEMENTS**

The Royal Borough of Kingston upon Thames has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of managers within the authority who have responsibility for the development and maintenance of the governance environment, the work of the AD Governance and Law and Internal Audit and by comments made by external auditors and other review agencies and inspectorates.

Key elements of the governance framework operating during the year under review (2018/19) include the following bodies:

Name	Purpose
The Council	Sets the policy and budgetary framework and is responsible for the appointment of the Mayor; members of other bodies such as the Strategic, Regulatory and Neighbourhood Committees. It also adopts the Code of Conduct for Councillors, agrees any changes to the Council's Constitution and terms of reference for Committees, Panels and other Member bodies.
Strategic Committees	Responsible for making decisions on those powers, duties and functions of the Council that fall within their remit, within overall Council policy.
Scrutiny Panel	Established to consider Member and Community call-ins.
Health and Wellbeing Board	The Health and Wellbeing Board brings together the Council, NHS partners, including the Kingston Clinical Commissioning Group, and patient representatives to have oversight of the Council's public health functions and ensure that health services within the borough are properly integrated between providers.
Neighbourhood Committees	There are four neighbourhood committees made up of the councillors representing the electoral wards in each neighbourhood, responsible for providing many of the services in their area. Each neighbourhood has access to grant funding and can make decisions on a range of services, including traffic management, planning applications, parks, libraries, housing management, youth service and any matters which fall solely within a single Neighbourhood area.
Regulatory Committees	The Development Control Committee is responsible for decisions on large planning applications and those which neighbourhood committees are unable to deal with. The Licensing Committee reviews policy on licensing matters and appoints sub-committees which consider individual applications for activities which require licences, such as the sale of alcohol.

<p>Audit, Governance and Standards Committee</p>	<p>Reviews internal audit strategy, plans and performance; considers the most significant issues arising from internal and external audit work; and obtains assurance that appropriate action is being taken on those issues. It maintains an overview of the effectiveness of the Council's corporate governance arrangements particularly those concerned with risk management, internal control, financial governance, anti-fraud and anti-corruption strategies; approves the Annual Governance Statement and receives and considers the Council's Final Accounts and accompanying financial statements.</p> <p>Promotes and maintains high standards of conduct amongst elected, co-opted and advisory members and employees of the authority. Advises the Council on the adoption of the Code of Conduct for Councillors, including its monitoring and updating.</p>
<p>Health Overview Panel</p>	<p>Acts as a lever to improve the health of local people in the widest sense. It looks at the whole health system, not just services provided, commissioned or managed by the NHS. It scrutinises and make reports or recommendations to the Council, health bodies and other relevant agencies about possible improvements in service.</p>
<p>Strategic Leadership Team (SLT)</p>	<p>Led by the Chief Executive working alongside the 5 Directors (Adult Services, Children's Services (AfC), Growth, Communities and the Corporate &amp; Commercial), SLT has a mix of responsibilities combining directorate and service leadership, member portfolio management, neighbourhood and ward support, corporate core and enabling roles.</p>
<p>Corporate Leadership Group (CLG)</p>	<p>The CLG comprises senior managers (Assistant Directors and Heads of Service) directly led by SLT who are responsible for working with their teams to turn strategy into operational leadership and delivery and to ensure alignment and joined up activity across the Council.</p>
<p>Directorate Management Teams (DMTs)</p>	<p>The structure consists of five directorates: Adult Services, Children's Services (AfC), Growth, Communities and the Corporate &amp; Commercial. DMT's are established for each Directorate consisting of Directors, Assistant Directors, and can also include Corporate Heads of Service, who are collectively responsible for delivering strategies and outcomes.</p>

Internal Audit (Shared Service)	Internal Audit is an assurance function that primarily provides an independent and objective opinion to the organisation on the control environment comprising risk management, control and governance by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.
Statutory Officers	The statutory roles of the Head of Paid Service, Monitoring Officer, Chief Financial Officer, Director of Children's Services, Director of Adult Social Services, Director of Public Health, Scrutiny Officer and Data Protection Officer are set out within the <a href="#">Articles of the Council's Constitution</a>

The process for maintaining and reviewing the effectiveness of the governance framework in place in 2018/19 was led by the Head of Internal Audit and the Assistant Director of Governance and Law who carried out the following work:

- reviewing reports from Internal and External Audit, external inspectors and other independent review
- documenting and reviewing governance processes and practices and establishing an updated Code of Corporate Governance.
- holding discussions with key senior officers to assess the Council's corporate governance framework.
- Attending Departmental Management Team meetings to discuss governance issues.
- holding a discussion with the Strategic Leadership Team to assess the Council's corporate governance framework.

### **Internal Audit Outcomes**

The Head of the South West London Audit Partnership is required to provide the Council with an opinion on the adequacy and effectiveness of the internal control environment. In her Annual Report on the work of Internal Audit during 2018/19 the Head of the South West London Audit Partnership has confirmed that she is satisfied that sufficient internal audit work has been undertaken to allow her to draw a reasonable conclusion as to the adequacy and effectiveness of the Council's control environment. This year she provided reasonable assurance that the Council has an adequate and effective control process to manage the achievement of its objectives. However, she does caveat this opinion in respect of the limited assurance reports issued during the year where Priority 1 recommendations were raised. One of the key themes identified from the audit work completed in 2018/19 was that whilst a significant amount of work has been undertaken to improve systems and processes across the Council, these are not yet fully embedded. Many of the audits found a lack of clarity around the allocation of roles and responsibilities and inconsistencies in practice. Given the level of change across the organisation, it is essential that policies and procedures are fit for purpose, properly communicated and understood.

### **Role of the Chief Financial Officer**

In 2011/12 a requirement to report on Compliance with the CIPFA Statement on the Role of the Chief Financial Officer in Local Government was introduced. A self- assessment has been carried out against the 5 principles within this Code (which was amended in 2016) and all required standards have been assessed as being met.

### **CIPFA Public Sector Internal Audit Standards (PSIAS)**

Since April 2013 the Annual Governance Statements has been required to confirm compliance with the CIPFA PSIAS. Following the peer review in June 2018, a self-assessment has been carried out against these standards which has demonstrated substantial compliance.

## CONCLUSION

The review of effectiveness on the Council's governance arrangements found that for the majority of services the control environment was satisfactory. It is not possible to eliminate all risks of failure and there were some areas where the Council high expectations were not met and/or progress has been slower than originally expected. The control framework is an ongoing process and therefore where issues were identified action plans were agreed with the relevant Director with a view to progress being reviewed within 6 months of the report. The Council's review mechanisms are an effective framework for maintaining satisfactory governance arrangements including identifying any issues and for monitoring and securing their implementation.

There are some common control themes for improvement plus a diverse range of service issues to be addressed and the Annual Governance Statement identifies continuing actions on the significant governance issues.

## CERTIFICATE

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit, Governance and Standards Committee (the report providing the detailed assurance can be found using this link *(to be inserted following consideration by the Audit Committee)*, and action plans to address weaknesses and ensure continuous improvement of the system in place.

## Significant governance issues

The Audit, Governance and Standards Committee considered and approved the 2017/18 AGS at its meeting on the 31<sup>st</sup> July 2018. As part of this, a programme of work was drawn up to address areas of relative improvement and this was recorded in the Annual Governance Statement Action Plan (2018/19). Progress against this plan has been monitored regularly by SLT and reported to the Audit, Governance and Standards Committee. The areas already addressed and those to be specifically addressed with new actions planned are outlined below.

### 2018/19 Annual Governance Statement Action Plan – Follow Up

Issue/Risk	Action Taken
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<p><b>Financial Management</b> – Budget process needs to ensure that savings are achievable and service managers have signed them off</p>	<p><b>Completed March 2019</b></p> <p>The final outturn for 2018/19 was £459k. . The Strategic Leadership Team reviewed the budget position monthly. The Council has set a balanced budget for 2019/20 including ensuring it has adequate reserves and balances to manage the significant financial pressures.</p> <p>The Council introduced a budget readiness process from March 2019 to support officers in preparation for implementing the 2019/20 savings plans.</p>
<p><b>Staff Declaration of Interests</b> – process needs to provide for sufficient oversight by senior officers to ensure that interest do not impact on decision making</p>	<p><b>Ongoing</b></p> <p>The Council is introducing a mandatory process where all staff will be required to complete a declaration of interest return including confirming if the return is nil.</p>
<p><b>Human Resources</b> – adequate capacity needed to support changes in business needs and the transformation programme</p>	<p><b>Complete</b></p> <p>The implementation of DOT 4 and 5 is progressing and the service has over 50 reviews to manage across our clients. This will be an intensive period of activity for HR in addition to a reorganisation of the service starting in April 2019. However the Council has ensured it has the required resources to complete this programme of work.</p>
<p><b>Mandatory training for staff</b> – improvement still needed in terms of completion by staff of mandatory training (e.g. data protection and security).</p>	<p><b>Ongoing</b></p> <p>A more robust, centrally driven reporting process has been implemented, with monthly reports being generated and requirements on HRBPs to push completion as far as they can with their DMTs.</p> <p>Refresher training has now been set for every 2 years.</p>

<p><b>Business Impact Assessments –</b> Business Impact Assessments are needed in relation to key services (e.g. accommodation) to facilitate the completion of the ICT Disaster Recovery Plan.</p>	<p><b>Ongoing</b></p> <p>Currently undertaking a review of the core infrastructure and looking at the requirements for the future. Initial options appraisal for moving the on premise data centre to the Cloud has been completed.</p> <p>Preparing business case and more detailed costs for the migration to the cloud.</p> <p>ICT Disaster Recovery Plan has been finalised and subsequently reviewed and links into the overall Business Continuity Plans.</p> <p>Digital &amp; IT have completed table top exercises for cyber security.</p> <p>As part of Brexit preparations the Council is undertaking a complete refresh of Business Continuity arrangements starting with Critical Service assessments, Business impact analysis, individual service business continuity plans, departmental plans and a corporate plan and will feed into the ICT Disaster recovery plan to confirm critical applications and accommodation needs.</p>
<p><b>Internal Audit Recommendations –</b> to ensure that all Priority 1 recommendations are dealt with expeditiously.</p>	<p><b>Ongoing</b></p> <p>There were 10 Priority 1 recommendations outstanding and reported to the March Audit, Governance and Standards Committee. Priority 1 recommendations will continue to be subject to robust follow up and monitoring arrangements.</p>
<p><b>Scheme of Delegation –</b> this is to be updated to reflect the new governance arrangements.</p>	<p><b>Complete</b></p> <p>A new scheme of delegation was agreed by Council on 11th December to be implemented from 1st March 2019</p>

**Dedicated Schools Grant (DSG) -** A major issue going forward is the financial pressures on the Dedicated Schools Grant (DSG) and other demand led budgets. This is not uncommon to AfC but is a national issue although particularly acute in Kingston. This is against a national context of significant pressure on services for children. Whilst this does not directly affect AfC's internal control framework, it does demand a very high standard of budgetary control and AfC are having to develop new strategies in relation to managing demand.

In support of the Kingston schools budget for 2018/19 the Department for Education provided an additional £3m of Dedicated Schools Grant (DSG) in support of Special Education Needs (SEN). This is an advance of money provided on the basis that the Council will address the issues associated with the overspend on SEN which is outlined above. This is an advance on money but the Government have not stated when it will need to be returned. However, it is unlikely that this will be in the near future. This means that the High Needs block for Kingston will be £23.4m next year and increase of 23.7% and the DSG as a whole will be £ 137.7m, an increase of 7.7%

The Council has developed a SEND transformation plan which sets out how to meet the outcomes of the SEND Inspection and meet the financial challenges in terms of funding and resources. There is a governance framework supporting the delivery of the plan which includes a system wide SEND Partnership Board and a Council delivery group. The plan sets out a programme to bring expenditure in line with funding whilst ensuring effective outcomes for children and young people.

The structural overspend on the DSG remains a significant issue for the Council and is reflected in the issues identified for 2019/20.

**Risk Management** - Whilst processes are in place to record and manage key risks, there is a need to review wider corporate risks and to better align these with the manifesto commitments of the new administration as well as key corporate objectives.

**Ongoing**

Quarter 3 risk reporting was undertaken, with each directorate DMT reviewing its risk register. Escalated risks to the corporate risk register were reviewed by SLT in February ahead of going to Audit, Governance & Standards Committee on 12 March, together with more detailed reports covering ICT cyber-security and legacy systems, Brexit and Emergency Planning preparations.

<p><b>GDPR</b> - The challenges of delivering effective data security management require constant review especially at a time when the key data protection legislation is changing with the need to ensure that systems and processes are compliant with GDPR. Whilst the Council has undertaken a major review of information governance, data protection and records management over the last 12 months in advance of GDPR requirements, further work is required to ensure full compliance.</p>	<p><b>Majority completed but Ongoing</b></p> <p>The AD Digital &amp; IT has coordinated the work across the Council in these areas through the work in the Information Security Governance Board attended by all areas of the Council. The Council was compliant with the core areas of GDPR for the May 2018 deadline</p> <p>A significant amount of work has been undertaken to strengthen controls and processes and a recent Internal Audit has recognised this progress.</p> <p>An area requiring further work is around the corporate ownership of data. Whilst Google allows for the management of some data records, there is a disparate line of business products used in different teams which increases risk due to the number of different records being held. These systems need to be rationalised and Heads of Service given responsibility for reviewing data within their service areas to ensure compliance with GDPR. Further training and awareness will be completed for managers together with application reviews to ensure that Heads of Service are able to comply.</p>
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Improvement Plan 2019/20

The improvement actions below have been identified as a result of the review carried out. Progress will be followed up during 2019/20 and reported to the Audit, Governance and Standards Committee.

Issue/Risk	Action
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<p><b>Performance Management</b></p> <p>A corporate service planning process has not been embedded across the Council with service areas establishing their own templates and processes. A corporate process has not been established to ensure that there is a clear link between the Corporate Plan, Service Plans and Appraisals.</p> <p>An appropriate level of infrastructure is not bedded into services at a detailed level and there is no corporate performance framework or policy with guidance in place to support managers.</p>	<p>A corporate performance framework should be established with guidance in place to support managers. This should include establishing Service plans which provide a clear link between Corporate and individual objectives.</p> <p>Recommendations from the recent Peer review should be fed into Service Plans and these should be closely monitored to ensure that they are delivered within agreed timeframes.</p>
<p><b>Workforce planning</b></p> <p>There are gaps on organisational development including how we attract and retain staff. A competency framework needs to be developed and consideration given as to how HR policy supports and enables staff to do their jobs. It is acknowledged that work is already underway to develop an Organisational Development Strategy. Learning and development is being independently reviewed as part of the wider HR model. This will include how learning needs are identified.</p> <p>Performance management, including the appraisal project will be a priority project in 2019/20</p>	<p>Workforce planning is a priority project in the OD strategy and a deliverable for year one. This will include the development of competencies and will link to the other year one deliverables of performance management and development.</p>

**Project and Programme Management**

The Council needs to establish a more corporate approach to project and programme management. The lack of PMO resource and expertise has been a significant gap in the organisation. This requires improvement with more corporate rigor and infrastructure on project management for major site development projects.

The new Corporate Transformation structure, designed as part of DOT 4%, includes dedicated PMO resource. The new structure should be fully staffed and operational by September 19. In the interim specialist PMO resource has been brought in on a temporary basis to develop the framework and infrastructure required to ensure effective management and delivery of corporate projects and programmes (including the proposed Cambridge Road Estate regeneration). An improvement plan is now in place which will deliver significant improvements and assurances in advance of the permanent team being in place.

Once the infrastructure is in place there will be a focus on supporting the development of the requisite skills and knowledge to effectively manage major projects/programmes across the organisation.

<p><b>Roles and Responsibilities and ensuring Procedures are fit for purpose</b></p> <p>Work undertaken by internal audit during the year and discussions with DMT's as part of the AGS process has identified some concerns around a lack of clarity in how roles and responsibilities are defined in a number of key areas. These include:</p> <ul style="list-style-type: none"> <li>● Contracts and Procurement</li> <li>● Health and Safety</li> <li>● Information Governance (corporate ownership of data)</li> <li>● Areas of Adult Social Care e.g. financial assessments and deprivation of assets</li> <li>● Finance and HR where tasks are delegated through self service arrangements</li> </ul> <p>With significant organisational change including new staffing structures, recruitment to new posts and changes to culture and operational procedures, there are risks of inconsistencies in practice and key tasks may fall between the gaps until the changes are properly embedded and understood</p>	<p>Roles and responsibilities should be reviewed in the key areas identified by Internal Audit and through the AGS process. This should include a review of policies and procedures to ensure that they are fit for purpose and are properly communicated and understood through the delivery of appropriate training to staff.</p>
<p><b>SEND -Dedicated Schools Grant (DSG)</b></p> <p>The most critical financial pressure is the structural overspend in the Dedicated Schools Grant (DSG) high needs block with an estimated cumulative DSG deficit of £14.071m that continues to be single biggest financial risk facing the Council. In addition the Council SEND inspection required a written statement of action and the Council, with the CCG, are working to implement this improvement plan</p> <p>The multi agency SEND Partnership Board is focused on the services which specifically relate to the SEND Transformation Plan. This leaves a gap in the overall multi agency leadership of</p>	<p>The SEND transformation plan sets out of three years the improvements required to the service and actions to bring the DSG spending within the resources available. This is a challenging and aspirational plan which seeks to engage the whole system, everyone who delivers or receives SEND services, in resolving these issues.</p> <p>A multi agency Children's Partnership is being considered for establishment by March 2020 which will address wider children's services issues and ensure the strategic coordination of work across Partnerships for children and young people aged 0-25</p>

children's services which in the past was covered by the Children's Trust.	
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We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation.

The 2018/19 Annual Governance Statement is due to be approved by the Audit, Governance and Standards Committee on 24th July 2019.

**Signed**

**Name:** Councillor Liz Green

Leader of the Royal Borough of Kingston upon Thames

**Signed:**

**Name** Ian Thomas

Chief Executive of the Royal Borough of Kingston upon Thames