Is this a key decision?
No

Executive summary:
The purpose of this report is to seek approval for the Annual Governance Statement, which forms part of the Statement of Accounts for 2018-19.

Recommendations:
Audit and Procurement Committee is recommended to consider and approve the Annual Governance Statement (attached at Appendix One), which accompanies the 2018-19 Statement of Accounts.

List of Appendices included:
Appendix One – Annual Governance Statement 2018-19

Background papers:
None
Other useful documents:

Annual Governance Statement 2017-18
https://edemocracy.coventry.gov.uk/ieListDocuments.aspx?CId=553&MId=11817&Ver=4

Has it or will it be considered by scrutiny?
No

Has it, or will it be considered by any other council committee, advisory panel or other body?
No

Will this report go to Council?
No
1. Context (or background)

1.1 Coventry City 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. In discharging this responsibility, the City Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk.

1.2 To demonstrate such arrangements, the City Council has adopted a Code of Corporate Governance, which is consistent with the principles reflected in the CIPFA / SOLACE framework and guidance ‘Delivering Good Governance in Local Government’ (2016).

1.3 The Annual Governance Statement (‘AGS’) explains how Coventry City Council has complied with the Code and in doing so, reflects the requirements of the Accounts and Audit Regulations 2015, which requires all relevant bodies to prepare an Annual Governance Statement. The AGS also details key governance / control issues identified through the assessment that the Council faces in the coming year.

2. Options considered and recommended proposal

2.1 The Annual Governance Statement is informed by a review of the Council's governance environment, which is based on a number of sources including:

- An annual assessment of the adequacy of internal controls / governance arrangements by each Deputy Chief Executive.
- The outputs from the Internal Audit Service, reflected in an annual report that identifies those issues, which in the opinion of the Chief Internal Auditor, should be considered when producing the Annual Governance Statement.
- Reports from external bodies during the year, including those from the Council's external auditors and other inspection agencies.
- The Council’s Corporate Risk Register.
- An annual review against the principles and best practice set out in the Code of Corporate Governance.

2.2 Section 5 of the Annual Governance Statement, attached at Appendix One, highlights those areas that the Council considers require internal control / governance improvements. This assessment is co-ordinated by the Chief Internal Auditor, but also incorporates the views and opinions of senior officers and the Council's Governance Steering Board. The key disclosures come from the following processes:

- New disclosures identified as part of the assessment process outlined in section 2.1.

The outcomes from these processes are expanded upon below.
2.3 **Update on disclosures made in the Annual Governance Statement 2017-18** - A review of the twelve disclosures highlighted in the Annual Governance Statement 2017-18 has found that the disclosures fall into two categories, namely:

2.3.1 **Closed from the 2017-18 Statement** – Five disclosures have been closed as they are (a) no longer viewed as a significant governance / control issue facing the Council or (b) have been subsumed into other disclosures. In summary, the disclosures that have been closed and will not be carried forward to the 2018-19 Annual Governance Statement are as follows:

- The delivery of the Kickstart programme: The Council’s plan for making savings, supporting city centre regeneration including business rate growth and rationalising its’ office estate - The Kickstart Programme has been completed. Governance of city centre regeneration is now under a different work-stream and is identified as a separate issue in the statement.

- Long term sustainability of adult social care in the context of financial and demand issues - Adult Social Care remains a comparatively low spend per 100k population and the Council’s approach to short term services and using the voluntary sector helps reduce the numbers of people entering on-going care and support. Long term issues of sustainability are subject to the spending review and local government settlement later in 2019. From a governance perspective, this is intrinsically linked to the delivery of the Medium Term Financial Strategy and has been subsumed into this disclosure.

- Establishing a Counter Fraud Framework – A new Fraud and Corruption Strategy, including the Counter Fraud Framework has been considered by the Audit and Procurement Committee and approved by the Cabinet Member for Policy and Leadership. This now forms part of the annual programme of work undertaken by Internal Audit.

- Risk Management Strategy – During 2018-19 actions were taken to embed risk management practice in the organisation. Risk Registers are now in place for each Director’s areas of operation and are reviewed at Leadership Team meetings on a regular basis.

- Governance Steering Board – The Governance Steering Board was established in September 2018 and meets on a regular basis to review the effectiveness of the governance framework throughout the year, help raise the profile of governance across the Council and co-ordinate improvement actions. Updates on this work are provided to the Strategic Management Board every month.

2.3.2 **Carry forward to the 2018-19 Statement** - A number of governance / control issues remain in the Annual Governance Statement. These are detailed in Appendix One, along with the actions the Council plans to take in 2019-20 in relation to these issues. In summary, the disclosures that have been carried forward to the 2018-19 Annual Governance Statement are as follows:

- Sustainable improvement in Children’s Services.

- Ensuring delivery of the Council’s vision and corporate objectives, in line with the Medium Term Financial Strategy.

- Raising educational standards.
• Implementation of the Information Management Strategy.
• Delivery of the Workforce Strategy.
• Delivery of the ICT Strategy.
• Management of increasing demand in relation to homelessness and the associated costs of housing families in temporary accommodation.

2.4 **New Disclosures** – Three new disclosures have been identified for the Annual Governance Statement 2018-19. These issues were identified as part of the review undertaken to support the production of the Annual Governance Statement and are detailed below:

• Corporate data access standard – Development and implementation of a corporate data access standard and protocol for all systems that hold personal data.

• Governance over relationships with partners and outside bodies – The Council has a strong foundation of partnership working, which was positively recognised in the recent Local Government Association (LGA) Corporate Peer Challenge. This has included the Council’s pivotal involvement in forming the West Midlands Combined Authority, the Place Forum and the Coventry and Warwickshire Local Enterprise Partnership. However, it is recognised that in order to continue to respond to challenges and to adapt to new approaches in terms of the role of the local authority in the community, the Council needs to ensure that there are effective arrangements over its relationships with partners and outside bodies which provide governance and flexibility to deliver effective outcomes. Partnership working principles have been established and work is planned in 2019/20 to develop protocols to underpin this. These will be used to gain assurance that key relationships, such as with the City of Culture Trust and the Friargate Joint Venture are being appropriately governed. In addition, a People Partnership is in its early stages of implementation with a focus on strengthening partnership arrangements across the City and working together to improve collaboration and connectivity in spirit of the Council’s One Coventry approach.

• Governance over the programme of capital projects – The Council has an ambitious programme of capital projects, which in 2019/20 will continue to accelerate in advance of the Council becoming City of Culture in 2021. Whilst providing ongoing regeneration and redevelopment of the city and supporting business rate growth, the scale of the programme requires robust governance and strategic control to ensure that the programme is delivered successfully. Governance arrangements are established with delivery overseen by project boards who report to the responsible cabinet members via established briefing and reporting mechanisms. Governance is also provided via the City of Culture Readiness Board and the Place Programme Delivery Board. In 2019/20 the focus will be on ensuring that as the programme continues to move at pace, governance arrangements remain embedded and integral to programme delivery whilst also ensuring that there are effective processes in place to maintain a view of the overall programme, so its inter-dependencies are managed / joined up, maintaining momentum on the Council’s wider aspirations.

3. **Results of consultation undertaken**
3.1 None

4. **Timetable for implementing this decision**

4.1 There is no implementation timetable associated with this report.

5. **Comments from the Director of Finance and Corporate Services**

5.1 **Financial Implications**

There are no specific financial implications associated with this report. Internal control / governance have clear and direct effects on finance within the Council. Since these vary widely, it is not useful to attempt to summarise them here, beyond noting that all systems and controls are designed to help improve value for money obtained, the probity and propriety of financial administration, and / or the management of operational risks.

5.2 **Legal implications**

The City Council is required by the Accounts and Audit Regulations 2015 to approve, and subsequently publish, the Annual Governance Statement alongside the Statement of Accounts.

6. **Other implications**

6.1 **How will this contribute to achievement of the Council Plan?**

The governance framework comprises the systems and processes (i.e the internal control environment), and culture and values, by which the authority is directed and controlled, and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

6.2 **How is risk being managed?**

The key risk that exists is that planned actions are not implemented. This risk is managed through the Council’s governance framework which includes arrangements to provide oversight of planned actions through reporting to senior management and designated committees / boards. Defined processes also exist to gain assurance that agreed actions arising from the work of Internal Audit, External Audit or another external agency have been implemented on a timely basis.

6.3 **What is the impact on the organisation?**

None

6.4 **Equalities / EIA**

None

6.5 **Implications for (or impact on) the environment**

No impact
6.6 Implications for partner organisations?

None

Report author(s):

Name and job title:
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Directorate:
Place

Tel and email contact

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<table>
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<tr>
<th>Contributor/approve name</th>
<th>Title</th>
<th>Directorate or organisation</th>
<th>Date doc sent out</th>
<th>Date response received or approved</th>
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<tbody>
<tr>
<td>Contributors:</td>
<td></td>
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<tr>
<td>Lara Knight</td>
<td>Governance Services Co-ordinator</td>
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<td>6/6/2019</td>
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<tr>
<td>Paul Jennings</td>
<td>Finance Manager Corporate Finance</td>
<td>Place</td>
<td>4/6/2019</td>
<td>5/6/2019</td>
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<tr>
<td>Names of approvers:</td>
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<td>(officers and members)</td>
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<tr>
<td>Barry Hastie</td>
<td>Director of Finance and Corporate Resources</td>
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<td>Adrian West</td>
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<tr>
<td>Councillor G Duggins</td>
<td>Cabinet Member for Policy and Leadership</td>
<td>-</td>
<td>4/6/2019</td>
<td>13/6/2019</td>
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This report is published on the council's website:
www.coventry.gov.uk/meetings
Appendix One – Annual Governance Statement 2018-19

1. Scope of responsibility

1.1 Coventry City 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. Coventry City Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

1.2 In discharging this overall responsibility, Coventry City 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 arrangements for the management of risk.

1.3 Coventry City Council has an approved Code of Corporate Governance, which is consistent with the principles reflected in the CIFFA / SOLACE framework and guidance Delivering Good Governance In Local Government (2016). A copy of the Code is available on our website at: http://www.coventry.gov.uk/downloads/file/3639/code_of_corporate_governance_2017 or can be obtained from Democratic Services.

1.4 The Annual Governance Statement explains how Coventry City Council has complied with the Code and also meets the requirements of Regulation 6(1) (b) of The Accounts and Audit Regulations 2015 which requires all relevant bodies to prepare an Annual Governance Statement.

2. The purpose of the governance framework

2.1 The governance framework comprises the systems and processes, culture and values by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

2.2 The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Coventry City Council policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

2.3 The governance framework has been in place at Coventry City Council for the year ended 31st March 2019 and up to the date of approval of the Statement of Accounts.

3. The governance framework

The key principles, approach and review processes that comprise the authority’s governance arrangements are set out in the City Council’s Code of Corporate Governance. Key elements include the following:

3.1 There is a governance / internal control environment that supports the Council in establishing, implementing and monitoring its policies and objectives. The Council’s overarching objectives are contained in published policy documents including the Council Plan. These high level plans are supported by a range of thematic policies, strategies and delivery plans, service plans, and detailed work programmes.
3.2 Coventry's Council Plan sets out the Council's long-term vision and priorities for the city for the period 2016-2024. In 2018, the Plan was reviewed and rebranded in line with the Council's emerging One Coventry approach and a revised performance management framework has been introduced to improve transparency and streamline performance reporting with more regular information updates about the performance of the city. To deliver the Council's long-term vision and priorities, the Council Plan affirms the Council's commitment to do this by maximising the use of its assets and reducing its operating costs, and through active communities and empowered citizens. The Council Plan is part of the Council's overall performance management framework designed to help the Council deliver its services and use its resources effectively in a planned and systematic way. A copy of the plan is available on our website at [www.coventry.gov.uk/councilplan/](http://www.coventry.gov.uk/councilplan/) and the performance management framework is at: [http://www.coventry.gov.uk/downloads/download/5245/performance_management_framework](http://www.coventry.gov.uk/downloads/download/5245/performance_management_framework)

3.3 Throughout this process, clear channels of communication exist with all sections of the community and other stakeholders, to ensure the Council considers local needs and communicates both expected and actual outcomes for citizens and service users. This is evidenced through the Council’s formal decision-making and performance management processes.

3.4 In October 2015, Coventry City Council agreed to join the proposed West Midlands Combined Authority, which is a model of governance for local authorities to act together to drive economic prosperity for the area. A Combined Authority is a statutory body in its own right supported by a devolution agreement with the Government and a constitution which sets out the terms of their funding and powers.

3.5 In December 2017, it was announced that Coventry had been named the UK City of Culture for 2021. The aim of this programme is to encourage the use of culture and creativity as a catalyst for change, to promote the development of new partnerships and to encourage ambition, innovation and inspiration in cultural and creative activity. This activity will make significant contributions to the delivery of the Council Plan and corporate priorities. Coventry City of Culture Trust has been set up to organise and deliver this activity and has been formally incorporated and received charitable status. Financial responsibility for the Trust's activities lie with the Chair and Trustees, with an independent Audit Committee providing scrutiny and oversight. As accountable body and guarantor for delivery of the UK City of Culture 2021 programme, Coventry City Council is a principal partner in supporting the work of the Trust and ensuring that there is good governance around the Trust meeting the City of Culture programme delivery and legacy ambitions.

3.6 The control environment to ensure delivery of the Council's objectives is laid down in the Council's Constitution and performance management framework. The Constitution sets out how the Council operates, including:

- Roles and responsibilities of both Councillors and officers, including the Head of Paid Services, Monitoring Officer and Chief Financial Officer.
- How decisions are made and the procedures in place to ensure that these are efficient, transparent and accountable to local citizens. The Constitution includes the Council’s senior management structure and a scheme of delegation which sets out the principles for decision making and responsibility for functions. The Council facilitates policy and decision making via a Cabinet structure with Cabinet Member portfolios. There are scrutiny boards covering all portfolios and an overarching Scrutiny Co-ordination Committee. The Member decision making, advisory and scrutiny bodies are shown at [http://www.coventry.gov.uk/howthecouncilworks](http://www.coventry.gov.uk/howthecouncilworks)

3.7 Coventry City Council has developed a comprehensive set of policies and procedures, including those relating to the standards expected of Members and officers. These are
subject to regular review to ensure the Council continues to enhance and strengthen its internal control environment. Systems exist to ensure compliance with policies and procedures, including statute and regulations. Internal Audit, through its annual risk based plan assesses compliance with key procedures and policies.

3.8 The Council has an Equality, Diversity and Inclusion Commitment which is available on our website at: EDI Commitment | Equality and Diversity | Coventry City Council. This sets out the Council's commitment to meeting all areas of the public sector equality duty and to ensure equality of opportunity, both as a provider and commissioner of services and as a large employer. The commitment is implemented through setting equality objectives linked to the Council Plan. Equality Objectives | Equality and Diversity | Coventry City Council. Progress is monitored and reported to the Cabinet Member (Policing & Equalities). The latest progress report can be found here (item 30): https://edemocracy.coventry.gov.uk/ieListDocuments.aspx?Id=653&Mid=116568&Ver=4

In addition, the Council carries out Equality and Consultation Analysis on all key decisions taken by Cabinet or Cabinet Members.

3.9 The Council's Risk Management Strategy defines processes for identifying, assessing, managing and monitoring financial and operational risks. The Strategy recognises the need for risk registers at directorate and corporate level which are updated and reviewed regularly. The Council is looking for continuous improvement throughout the Council in the management of risks, and this is being monitored through the Strategic Management Board.

3.10 The Council, through its Whistleblowing and Complaints Procedures, has documented processes in place to deal with concerns raised by both employees and members of the public. These policies have been widely communicated and are subject to regular review to ensure they are working effectively. In addition, the Council's Fraud and Corruption Strategy reinforces the Council's commitment to creating an anti-fraud culture, whilst having effective arrangements in place in responding to allegations of fraud and corruption.

3.11 An Audit and Procurement Committee provides independent assurance to the Council on various issues, including risk management and control and the effectiveness of the arrangements the Council has for these matters. The Committee's terms of reference were developed in conjunction with CIPFA guidance, and the Committee carries out a periodic self-assessment to measure its effectiveness, based on recommended CIPFA practice.

3.12 For the financial year 2018-19, the Director of Finance and Corporate Services was the nominated Section 151 Officer, with the delegated responsibility for ensuring there are arrangements in place for proper administration of financial affairs. In assessing this role against the requirements stated in the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016), the Authority meets the five principles laid out in the CIPFA statement, namely:

- The Chief Financial Officer (CFO) in a local authority is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the authority's strategic objectives sustainably and in the public interest.

- The CFO in a local authority must be 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 authority's overall financial strategy.

- The CFO in a local authority must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively.
• The CFO in a local authority must lead and direct a finance function that is resourced to be fit for purpose.

• The CFO in a local authority must be professionally qualified and suitably experienced.

The S151 Officer is a key member of the Corporate Leadership Team and formally retains a direct reporting line to the Chief Executive when required. The S151 Officer routinely attends and advises the Strategic Management Board of the Council (Chief Executive and both Deputy Chief Executives). The assessment concluded that these arrangements provide an appropriate framework under which the CIPFA principles are able to be delivered. The senior management structure within the Council is regularly reviewed and changes made as required to help the management team focus on the current challenges and opportunities as well as to look ahead.

3.13 The Annual Governance Statement also includes a review of the effectiveness of the system of internal control within group activities, where the Council is in a relationship with another entity to undertake significant activities. The following describes the group activities for the year ended 31st March 2019:

• The Coventry and Solihull Waste Disposal Company Limited is owned jointly by Coventry City Council, Solihull Metropolitan Borough Council, Warwickshire County Council and Leicestershire County Council. A formal agreement sets out the governance arrangements between the shareholders. The Company is subject to the Industrial Emissions Directive and the conditions of its Environmental Permit issued by the Environment Agency. Furthermore, the Company monitors its activities through an Environmental Management System accredited to the ISO 14001 standard, its Health and Safety Management System which is certified to the OHSAS 18001 standard and the Cyber Essentials accreditation it has achieved for its IT systems. The Company has appointed Ernst & Young LLP as its external auditors. The last published Annual Report and Financial Statements, for the year ended 31st March 2018, did not highlight any concerns.

• North Coventry Holdings (NCH) Limited is a wholly owned subsidiary of the Council. All the Directors of the Company are senior officers of Coventry City Council. All transactions are processed using the Council's financial systems and such activities are subject to an annual audit by the Council's Internal Audit Service. The Company has LDP Luckmans as its external auditors. There was an unqualified audit opinion for the last published Annual Report and Accounts, for the year ended 31st March 2018. The company's main purpose is to hold shares in Coventry North Regeneration Limited, although it is also engaged in providing business development services to the City Council.

• Coventry North Regeneration (CNR) Limited is a wholly owned subsidiary of NCH Limited. The main activity of the Company was the construction of the Ricoh Arena. All transactions are processed using the Council's financial systems and such activities are subject to an annual audit by the Council's Internal Audit Service. The Company has LDP Luckmans as its external auditors. There was an unqualified audit opinion for the last published Annual Report and Accounts, for the year ended 31st March 2018.

• Coombe Abbey Park Limited (CAPL) is a wholly owned subsidiary of the Council, which acquired 100% of the ordinary share capital of the company in December 2017. Three of the four Directors of the Company during 2018/19 are senior officers of Coventry City Council. As part of the original acquisition, the Council secured external independent advice from a number of sources to support the financial and legal due diligence assessment, as well as the valuation of the shares being purchased. The due diligence work highlighted some areas of financial control weaknesses, which it was
felt that the Council would need to address following acquisition. In particular, a need to strengthen the finance function through increased capacity was recognised as important. In the light of the external due diligence, since the Council acquired CAPl, a programme of changes has been completed, including the restructuring of the Board, as well as recruitment of a new senior Operations Manager and finance staff. The Company has appointed RSM UK Audit LLP as its external auditors. The last published Annual Report and Financial Statements, for the year ended 31st March 2018, did not highlight any significant concerns.

• The UK Battery Industrialisation Centre Ltd was incorporated on 27th February 2018 and the Council is currently the sole shareholder with 1 share which has a nominal value of £1. The purpose of the company is to run the proposed National Battery Development Facility which is currently under construction. The Council has appointed two of its officers as directors on the board. The company will ultimately become a Joint Venture Private Limited Company with the Warwick Manufacturing Group and Coventry & Warwickshire Local Enterprise Partnership each appointing two directors. The City Council is initially purchasing all land and equipment in relation to the facility with funding coming from Innovate UK which is a Government backed agency. As a result, activity within the company has been minimal to date.

• The Friargate Joint Venture Project Ltd was incorporated 17th December 2018. This is a 50/50 joint venture with Friargate Holding 2 Limited, established to develop new buildings within the Friargate district of the city. Each of Coventry City Council and Friargate Holdings 2 Ltd have been issued 1 Ordinary Share for a value of £1 each. The Council has appointed three of its officers as directors of the board. The company is still very much in its infancy and as a result, activity within the company has been minimal to date.

4. Review of effectiveness

4.1 Processes are in place to assess key elements of the governance framework throughout the year, for example, through the work of Internal Audit and the Council’s Audit and Procurement Committee. A review of the effectiveness of the governance framework is also undertaken annually as part of the production of the Annual Governance Statement. This is informed by the work of senior managers within the authority, who have responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor’s opinion on the overall adequacy and effectiveness of Coventry City Council’s internal control environment, and also by comments made by the external auditors and other review agencies and inspectorates.

4.2 Arrangements to assess the effectiveness of the governance framework include:

• Regular and detailed monitoring of the Council’s performance, by both Strategic Management Board and Members against targets and objectives set out in the Council’s Plan.

• Regular meetings of the Council’s Governance Steering Board to consider on-going and emerging governance issues and co-ordinate actions required. Updates on this work are provided to Strategic Management Board every month.

• Consideration of ethical governance matters by the Ethics Committee, including reflecting on national governance failings to identify if there are any lessons learnt for the Council to take forward.

• On-going reviews of the Council’s Constitution, overseen by the Constitution Advisory Panel and subject to approval by Full Council. These reviews include areas such as standing orders, financial procedures and the scheme of delegation.
- Regular reviews of the Council’s strategies and procedures to ensure they continue to reflect the needs of the Council.

- An annual review against the principles and best practice set out in the Code of Corporate Governance and which is used to identify improvements to strengthen the Council’s governance arrangements.

4.3 The review of effectiveness has also been informed by:

- Reports from the external auditors and other inspection agencies.

- An annual assessment of the adequacy of internal controls / governance arrangements by each Deputy Chief Executive.

- The Council’s Corporate Risk Register.

- The work of the Internal Audit Service during 2018-19. The Service works to a risk-based audit plan, which is approved annually by the Council’s Audit and Procurement Committee. An annual report is also produced and presented to the Committee. The report identifies those issues, which in the opinion of the Chief Internal Auditor, should be considered when producing the Annual Governance Statement.

4.4 We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit and Procurement Committee and can provide reasonable assurance that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework and that a plan to address weaknesses and ensure continuous improvement of the system is in place.

5. Significant governance issues

5.1 Table one below provides an update on the governance issues that were raised in the 2017-18 Annual Governance Statement.

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<th>Governance issues identified in 2017-18</th>
<th>2018-19 update</th>
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<tr>
<td>1</td>
<td>Sustainable Improvement in Children's Services</td>
<td>The Improvement Board has continued to meet to challenge and hold the Council to account for the effective improvement and delivery of Children’s Services. A comprehensive transformation programme is underway that will yield longer term and sustainable Improvement to Children’s Services. This has included the development of a stronger early help offer that expects partners to contribute to, a strengthening of the Multi-Agency Safeguarding Hub and a restructure that better supports the Child’s experience and journey through the system. Other improvements have included a better placement mix for looked after children and this is supporting more effective and sustainable budget management. Demand pressures remain that make this extremely challenging.</td>
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<td>2</td>
<td>Ensuring delivery of the Council's vision and corporate objectives, in line with the Medium</td>
<td>The Council has set a balanced budget despite shortfalls in the delivery of some savings targets and the emergence of new expenditure pressures in areas including housing and homelessness and waste disposal. The new proposals to balance the budget involve some technical measures and the</td>
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<tr>
<td>Term Financial Strategy</td>
<td>identification of income streams and a more commercial approach across some areas of the Council.</td>
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<tr>
<td>3 The delivery of the Kickstart programme – the Council’s plan for making savings, supporting city centre regeneration including business rate growth and rationalising its' office estate</td>
<td>Following the completion of Friargate in October 2016 and the successful migration of staff, the Kickstart programme has been completed. All the associated capital disposals have been completed, savings achieved and new ways of working embraced. City centre regeneration continues at pace, which will drive future business rates. As the governance of this is now under a different work-stream (and is identified as a separate issue in the statement), the Kickstart Programme has not been carried forward as a significant governance issue for 2019-20.</td>
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| 4 Raising educational standards | Evaluation of Primary Networks and Secondary Collaboratives evidences increased capacity for school-to-school support and continued school improvement. As of December 2018, Coventry's Ofsted profile (i.e. the proportion of pupils attending good or outstanding provision) was above national and statistical neighbours for primary, secondary and special. In 2018 other notable improvements included: 
  - Upward trend for Early Years Foundation Stage and Year 1 phonics 
  - Improvement in Key Stage 2 results, specifically attainment, including for disadvantaged and Special Educational Need support 
  - Upward trend and improvements at a faster rate than national for almost all Key Stage 4 Indicators, including for pupils with an Education, Health and Care Plan and White British boys 
  - Coventry NEET (not in education, employment or training) rate below (better than) national. |
| 5 Implementation of the Information Management Strategy | The actions in the plan arising from the Information Commissioner’s Office audit continued to be implemented during the year and progress was reported to the Audit and Procurement Committee in February 2019. The Training Strategy was approved and implemented. |
| 6 Long term sustainability of adult social care in the context of financial and demand issues | Coventry Adult Social Care remains a comparatively low spend per 100k population although is challenged by increasing care costs, and increasing referrals, although the numbers of people supported overall remains relatively stable. Our approach to short term services and using the voluntary sector helps reduce the numbers of people entering ongoing care and support. The Council is currently reliant on the Better Care Fund to support financial pressures in social care and reduce the impact on health associated with social care and work with our colleagues in the Clinical Commissioning Group flexibly in order to achieve short term sustainability, with long term issues of sustainability being subject to the spending review and local government settlement later in 2019. The Adult Social Care green paper has been further delayed so the government's long term policy direction and possible funding solutions are also unclear. The social care pre-cept supports the ongoing financial position but with Adult Social Care being the single biggest Council cost further financial pressure is to be expected. From a governance perspective, as this is intrinsically linked to delivery of the Medium Term Financial Strategy, this has not been carried forward as a stand-alone issue for 2019-20. |
| 7 Delivery of the Workforce Strategy | The Council has made progress in relation to the delivery of its 2017-2020 workforce strategy: 
  - Planning – The development and enhancement of robust management information (HR analytics), to inform strategic
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<tr>
<td>8</td>
<td>Establishing a Counter Fraud Framework</td>
<td>A new Fraud and Corruption Strategy, including the Counter Fraud Framework, was considered by the Audit and Procurement Committee in June 2018 and approved by the Cabinet Member for Policy and Leadership in July 2018. The actions linked to the various elements of the framework are now part of operational activity within Internal Audit. Oversight of this work is provided by the Audit and Procurement Committee as part of their role to monitor the Fraud and Corruption Strategy. Consequently, as the Counter Fraud Framework has now been established and forms part of the annual programme of work undertaken by Internal Audit, this has not been carried forward as a significant governance issue for 2019-20.</td>
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<td>9</td>
<td>Risk Management Strategy</td>
<td>The Risk Management Policy and Strategy were formally adopted in 2017-18. The process for identifying and reporting on Corporate Risks is well established and oversight of the Corporate Risk Register is provided by the Audit and Procurement Committee. During 2018-19 actions were taken to embed risk management practice in the organisation. Risk Registers are in place for each Director's area of operation and are reviewed at Leadership Team meetings on a regular basis. As a result, this has not been carried forward as a significant governance issue for 2019-20.</td>
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<td>10</td>
<td>Governance Steering Board</td>
<td>The Governance Steering Board was established in September 2018. The Board (which is chaired by the Council’s Monitoring Officer and includes members from Procurement, Finance, Human Resources, Internal Audit and Governance Services) meets on a regular basis to review the effectiveness of the governance framework throughout the year, help raise the profile of governance across the Council and co-ordinate improvement actions. Updates on this work are provided to the Strategic Management Board every month. As the Board is now embedded within the overall governance framework of the Council, this has not been carried forward as a significant governance issue for 2019-20.</td>
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</table>
5.2 The Council is seeking to continuously enhance its management arrangements to improve service delivery, efficiency and value for money, whilst achieving its objectives. The review of effectiveness has informed identification of the following key challenges for 2019-20 (table two), along with the actions planned to address these matters to further enhance our governance arrangements.

Table two

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<tr>
<th>Ref</th>
<th>Governance issue</th>
<th>Planned actions 2019-20</th>
<th>Responsible officer</th>
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<tbody>
<tr>
<td>1</td>
<td>Sustainable improvement in Children’s Services</td>
<td>A new Executive Improvement board has been established to drive forward continuous improvement of Children’s Services. A new Children's Safeguarding Partnership is due to be launched later in the year in line with revised statutory guidance. A review of the re-design has been concluded and small service changes will be made this year in response. A further phase of transformational activity will commence to support further improvement activity. Service Performance reviews will be implemented service wide and Quality Assurance visits by Children’s Services Leadership Team will commence.</td>
<td>Director of Children’s Services</td>
<td>On-going</td>
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<td>Ref</td>
<td>Governance Issue</td>
<td>Planned actions 2019-20</td>
<td>Responsible Officer</td>
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<td>2</td>
<td>Ensuring delivery of the Council’s vision and corporate objectives, in line with the Medium Term Financial Strategy</td>
<td>The Council faces uncertainty due to anticipated changes in the Local Government finance system and a lack of clarity on the future of some major income streams such as Better Care Fund resources. Initial estimates indicate a significant financial gap and work has begun at an early stage to identify a range of options to enable the Council to respond to the possible range of budget scenarios. Members will receive regular briefings on potential new areas of policy development and these will be formally reported to Cabinet Members, Cabinet and Council as appropriate.</td>
<td>Director of Finance and Corporate Services</td>
<td>February 2020</td>
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<td>3</td>
<td>Raising educational standards</td>
<td>Continue to improve outcomes for ALL pupils, including pupils with an Education, Health and Care Plan (EHCP) and receiving Special Educational Needs (SEN) support, so they are in line with or better than national by ensuring that individual school, Primary Network and Secondary Collaborative priorities align with and contribute to specific citywide priorities: <strong>Early Years:</strong> Improving Good Level of Development (GLD) <strong>Primary:</strong> Increasing the proportion of children achieving Greater Depth in Writing and making accelerated progress in writing by the end of Key Stage 2 <strong>Secondary and 16-18:</strong> • Improving Progress 8 • Improving progress in both English and Maths by the end of 16-18 (GCSE results) <strong>All phases:</strong> Narrowing the gap to national for our vulnerable groups: • GLD for all groups • Key Stage 1 and Key Stage 2 achievement for children with SEN and an EHCP • Key Stage 4 progress for disadvantaged and pupils receiving SEN support</td>
<td>Director of Education and Skills Head of Education Improvement and Standards 0-19 Senior Adviser Education Improvement 11-19 (25)</td>
<td>On-going</td>
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<tr>
<td>Ref</td>
<td>Governance issue</td>
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| 5   | Delivery of the Workforce Strategy | During 2019/20 the following actions are planned:  
- The further development and implementation of the workforce strategy to embed the Council’s One Coventry approach  
- The launch of a new Equality, Diversity & Inclusion project focusing on recruitment and selection  
- A focus on ensuring that our case work is improved and timely  
- The progression of ‘Our Future Workforce’ change programme  
- Creating opportunities for talent mapping and career progressions at all levels across the organisation  
- Improved Employee Engagement which can be measured through job satisfaction  
- Continued development of industrial relations  
- Improvement in digital skills across the workforce  
- The continuation of ensuring the safety and wellbeing of our employees. | Director of Housing and Transformation (Responsibility will transfer to the Director of Human Resources once in post in July 2019) | On-going |
<p>| 6   | Delivery of the ICT Strategy | During 2019/20 the Council will publish an updated ICT Strategy which will continue to provide assurance with regards to our core infrastructure, cyber security plans and digital skills development whilst also supporting innovation and our digitalisation agenda. The ICT Strategy will align with the One Coventry approach. | Head of ICT &amp; Digital | September 2019 (delivery of the Strategy will be on-going) |
| 7   | Management of increasing demand in relation to homelessness and the associated costs of housing families in temporary accommodation | To deliver to the Housing and Homelessness Strategy and the agreed action plan through the Council’s Strategic Housing Board. | Director of Housing and Transformation | On-going |
| 8   | Corporate data access standard | Development and implementation of a corporate access standard and protocol for all systems that hold personal data. | Members and Elections Team Manager | December 2019 |</p>
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<td>9</td>
<td>Governance over relationships with partners and outside bodies</td>
<td>The Council has a strong foundation of partnership working, which was positively recognised in our recent Local Government Association (LGA) Corporate Peer Challenge. This has included our pivotal involvement in forming the West Midlands Combined Authority, the Place Forum and the Coventry and Warwickshire Local Enterprise Partnership. However, it is recognised that in order to continue to respond to challenges and to adapt to new approaches in terms of the role of the local authority in the community, the Council needs to ensure that there are effective arrangements over its relationships with partners and outside bodies which provide governance and flexibility to deliver effective outcomes. Partnership working principles have been established and work is planned in 2019/20 to develop protocols to underpin this. These will be used to gain assurance that key relationships, such as with the City of Culture Trust and the Friargate Joint Venture are being appropriately governed. In addition, a People Partnership is in its early stages of implementation with a focus on strengthening partnership arrangements across the City and working together to improve collaboration and connectivity in spirit of our One Coventry approach.</td>
<td>Deputy Chief Executive (People)</td>
<td>On-going</td>
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<td>10</td>
<td>Governance over the programme of capital projects</td>
<td>The Council has an ambitious programme of capital projects, which in 2019/20 will continue to accelerate in advance of the Council becoming City of Culture in 2021. Whilst providing ongoing regeneration and redevelopment of the city and supporting business rate growth, the scale of the programme requires robust governance and strategic control to ensure that the programme is delivered successfully. Governance arrangements are established with delivery overseen by project boards who report to the responsible cabinet members via established briefing and reporting mechanisms. Governance is also provided via the City of Culture Readiness Board and the Place Programme Delivery Board. In 2019/20 the focus will be on ensuring that as the programme continues to move at pace, governance arrangements remain embedded and integral to programme delivery whilst</td>
<td>Deputy Chief Executive (Place)</td>
<td>On-going</td>
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also ensuring that there are effective processes in place to maintain a view of the overall programme, so its inter-dependencies are managed / joined up, maintaining momentum on the Council’s wider aspirations.

5.3 We are satisfied that these steps will address the need for improvements that were identified in our review and we will monitor their implementation and operation, as part of our next annual review.

City George Duggins  
Leader of Coventry City Council

Martin Reeves  
Chief Executive of Coventry City Council