

Report of:	Head of Governance
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Portfolio Leader:	Corporate Improvement
Key Decision:	No
Report Track:	Audit & Governance Committee only

AUDIT & GOVERNANCE COMMITTEE
19 NOVEMBER 2013
ANNUAL GOVERNANCE STATEMENT – PROGRESS REPORT

1 Purpose of Report

- 1.1 To present to the Audit & Governance Committee for information progress in addressing the significant governance issues identified in the Annual Governance Statement (AGS) for 2012-13.

2 Recommendations

- 2.1 That the Committee notes the contents of the progress report on the Annual Governance Statement for 2012-13.

3 Key Issues and Reasons for Recommendation

- 3.1 Not all of the actions are yet due for completion, however a summary of the progress made against each of the significant governance issues as at 30 September 2013 is given at Appendix 1.
- 3.2 For the 13 significant governance issues identified in the AGS progress can be summarised as follows:
- **5** Significant progress is being made to deliver the action and is on target for completion (status shown as green tick Appendix 1);
 - **5** Some progress is being made to deliver the action (status shown as amber triangle on Appendix 1);
 - **3** No action has yet been taken (status shown as red cross on Appendix 1).
- 3.3 All 3 of the issues where no action has yet been taken (i.e. red crosses) are not due for completion until later in the year.

4 Relationship to Corporate Priorities

4.1 This report supports the Council's Corporate Priorities as follows:

- (i) Transformation - changing the way services are provided to ensure value for money.

5 Report Detail

5.1 The Council has a statutory responsibility to undertake an annual review of the effectiveness of its governance arrangements, which includes the system of internal control and to publish an "annual governance statement" with the annual accounts.

5.2 In reviewing the effectiveness of the governance arrangements, the Council has to identify any 'significant governance issues' and what action will be taken to address these. There is no single definition as to what constitutes a 'significant governance issue' and judgement has to be exercised. Factors used in making such judgements include:-

- the issue has seriously prejudiced or prevented achievement of a principal objective;
- the issue has resulted in a need to seek additional funding to allow it to be resolved, or has resulted in significant diversion of resources from another service area;
- the issue has led to a material impact on the accounts;
- the Chief Internal Auditor has reported on it as significant, for this purpose, in the Internal Audit Annual Report;
- the issue, or its impact, has attracted significant public interest or has seriously damaged the reputation of the Council;
- the issue has resulted in formal action being taken by the Chief Financial Officer and/or the Monitoring Officer.

5.3 The Annual Governance Statement for 2012-13 was considered by the Audit & Governance Committee on 25 June 2013 and the Council approved it on 7 August 2013.

5.4 It was agreed that the Audit & Governance Committee would receive monitoring reports on progress in addressing the significant governance issues identified in the AGS, and this is the half-yearly progress report.

5.5 Details of the progress made against each of the significant governance issues as at 30 September 2013 is given at Appendix 1 and overall performance is summarised in the table at 3.2.

6 Implications

6.1 Financial

None

6.2 Legal

None

6.3 Human Resources

None

6.4 Section 17 (Crime Prevention)

None

6.5 Human Rights Act

None

6.6 Data Protection

None

6.7 Risk Management

None

6.8 Equality & Diversity

None

6.9 Best Value

None

7 Appendices to the Report

Appendix 1 - Significant Governance Issues – Progress Report as at 30 September 2013

Background Papers

File available in the Head of Governance's Office

**PROGRESS REPORT AS AT 30 SEPTEMBER 2013
ON THE SIGNIFICANT GOVERNANCE ISSUES
FROM THE ANNUAL GOVERNANCE STATEMENT FOR 2012-13**

KEY TO STATUS INDICATORS:

STATUS	DESCRIPTION
	The action is making significant progress towards completion or has been completed
	The action is making some progress towards being completed
	Work has not commenced on the action

No.	Issue	Action	Progress/Comments	Status
	Issues carried forward from previous AGS 2011-12			
1	The review of the Constitution to reflect changes and best practice has not yet been completed. A significant part of the work has been completed but now needs to be finalised and approved by Council.	Head of Law & Administration (Stafford Borough Council)	The amendments to the Constitution have been agreed by the Member Working Group. The changes now need to be written up and reported to Council for approval.	

No.	Issue	Action	Progress/Comments	Status
2	The work in reviewing and updating the Contract Procedure Rules and Financial Regulations has not yet been completed. Training needs to be provided to support the launch of the new documents.	Legal Services Manager and Head of Finance	Work is in progress on updating the Financial Regulations. Work has yet to commence on the Contract Procedure Rules.	 Not due for completion until December 2013
3	The Code of Governance is out of date (due to changes in the senior management structure) and in need of review to reflect recent updated guidance.	Head of Governance	Work on this has not yet commenced and is likely to slip to December 2013.	 Not due for completion until October 2013 – now revised to December 2013
Issues arising in 2012-13				
4	Review of the Employee's Code of Conduct	Head of Human Resources, Head of Law & Administration and Head of Governance	Work needs to be finalised on the refresh of the values before reviewing the Code of Conduct for Employees	 Not due for completion until March 2014
5	Review of the Confidential Reporting Policy	Head of Governance	The draft policy has been completed and is out to consultation. The final policy will be reported to the Audit & Governance Committee in March 2014.	

No.	Issue	Action	Progress/Comments	Status
6	Complete the review of Values and roll out across the Council	Chief Executive / Head of Governance	Work on this is in progress but the roll-out date has been put back to February 2014.	 Not due for completion until November 2013 – now revised to February 2014
7	Develop basket of performance indicators for monitoring by Leadership Team	Head of Policy / Leadership Team	Work is underway on this. A proposed basket of indicators has been considered by Leadership Team and is being developed further.	
8	Financial progress to be reported quarterly to Leadership Team and Cabinet	Head of Finance	Completed - financial progress reports have been introduced and are being submitted to Leadership Team monthly and Cabinet quarterly.	
9	Member training and development survey to be undertaken and options to be developed	Head of Human Resources / Head of Governance	Work has not yet commenced on this	 Not due for completion until March 2014

Issues for 2013-14				
10	Budgetary Issues – arising from CSR 2013. Sessions to be held with Cabinet to consider the future of the Council and the various savings and transformation strands available to the authority.	Chief Executive and Head of Finance	Work is in progress	
11	Welfare Reforms – national changes to benefits payments, including council tax. Local scheme determined for changes to council tax. Impact of wider benefit changes to be monitored, especially the impact on arrears levels, and the impact on other services e.g. homelessness	Head of Finance	<p>Progressing as expected. Local Council Tax Support scheme approved following a County-wide project. Much work has been done to engage with affected council tax payers to obtain payment agreements (over and above the “ordinary” recovery process).</p> <p>Regular engagement with voluntary sector organisations, landlords etc to identify affected claimants and provide necessary assistance.</p> <p>Working with the Housing Department to increase Discretionary Housing Payments (DHP) allocation in respect of Spare Room Subsidy and to align DHP and Allocations Policies.</p> <p>Similarly, claimants affected by other Welfare Reforms are being contacted and assistance offered.</p>	

12	<p>Local Enterprise Partnership (LEP) -potential changes to LEP governance as a result of the Government's intention to introduce a Single Growth Fund in 2015 and to make LEPs vehicles for European funding. To be monitored and respond to the changes through the Leader and Cabinet as the implications are clarified.</p>	Chief Executive / Head of Planning & Regeneration	<p>In August 2013 Cabinet approved a report on the Council's response to the creation of a Supervisory Board by the Greater Birmingham & Solihull LEP. Similar alterations to governance arrangements are being introduced by the Stoke & Staffordshire LEP. Both LEPs have also submitted their draft European Funding Investment Strategies to the Government for consideration prior to formal consultation in January 2014 and implementation of the new EU Funding Programme later in the year.</p>	
13	<p>ICT Security Policies – updated policies to be finalised and introduced. Awareness to be raised and compliance monitored</p>	Head of Technology	<p>The policies are to be considered by Cabinet in October.</p>	 Not due for completion until January 2014