

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
1 APRIL 2014
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 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 28 February 2014 is given at Appendix 1.
- 3.2 For the 13 significant governance issues identified in the AGS progress can be summarised as follows:
- **7** Significant progress is being made to deliver the action and is on target for completion (status shown as green tick Appendix 1);
 - **3** 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 The 3 issues (items 3,4 and 9 in Appendix 1) where no action has been taken (ie red crosses) will now be completed in 2014-15.

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 (AGS) 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 progress report for the third quarter.

5.5 Details of the progress made against each of the significant governance issues as at 28 February 2014 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
28 February 2014

Background Papers

File available in the Head of Governance's Office

**PROGRESS REPORT AS AT 28 FEBRUARY 2014
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 need to be written up and are due to be reported to Council in June 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. A first draft has now been completed. Work has not yet commenced on re-drafting the Contract Procedure Rules but the way forward has been agreed and work is to commence in the next few weeks.	
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 will now be completed in early 2014-15.	
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. This work will now be done in 2014-15	
5	Review of the Confidential Reporting Policy	Head of Governance	Completed - the final policy is being reported to the Audit & Governance Committee in March 2014.	
6	Complete the review of Values and roll out across the Council	Chief Executive / Head of Governance	The review of values is nearing completion and will be rolled out in 2014-15.	

No	Issue	Action	Progress/Comments	Status
7	Develop basket of performance indicators for monitoring by Leadership Team	Head of Policy / Leadership Team	Completed - a basket of indicators has been agreed and will be trialled during 2014-15.	
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. This is now going to take place after the induction process for the May 2014 elections.	
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	Completed - the Financial Plan was considered by the Cabinet in December and the budget was approved in February.	

No	Issue	Action	Progress/Comments	Status
11	<p>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 eg homelessness</p>	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>Similarly, claimants affected by other Welfare Reforms are being contacted and assistance offered.</p> <p>Regular engagement with voluntary sector organisations, landlords etc to identify affected claimants and provide necessary assistance.</p> <p>In conjunction with the Housing Department the Discretionary Housing Payments (DHP) policy was reviewed for 2013-14 & 2014-15 to align it with the Allocations Policy and optimise the assistance offered to tenants affected by Benefit changes.</p>	

No	Issue	Action	Progress/Comments	Status
12	<p>Local Enterprise Partnership (LEP) -potential changes to LEP governance as a result of the Governments 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>The Greater Birmingham & Solihull LEP has confirmed its governance structure and a supervisory board has been set up. The Stoke & Staffordshire LEP has recently agreed its revised governance structure and this will be fully operational from April 2014.</p> <p>Both LEPs have submitted programmes for European funding and these will be discussed with the Government during the summer 2014..</p>	
13	<p>ICT Security Policies – updated policies to be finalised and introduced. Awareness to be raised and compliance monitored</p>	Head of Technology	The policies have been approved by the Cabinet and circulated to employees.	