

Report of:	Head of Governance & Corporate Services
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Audit & Governance Committee
8 February 2021
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 2019-20.

2 Recommendation(s)

- 2.1 That the Committee notes the contents of the progress report on the Annual Governance Statement for 2019-20

3 Key Issues and Reasons for Recommendations

- 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 31 December 2020 is given at Appendix 1.

- 3.2 For the 7 significant governance issues identified in the AGS progress can be summarised as follows:

• 3	Significant progress is being made to deliver the action or has been completed (status shown as green tick Appendix 1);
• 4	Some progress is being made to deliver the action (status shown as amber triangle on Appendix 1);
• 0	No action has yet been taken (status shown as red cross on Appendix 1).

4 Relationship to Corporate Priorities

4.1 This report supports the delivery of all the Council's Corporate Priorities.

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 2019-20 was approved by the Audit & Governance Committee on 29 June 2020.

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 mid-year progress report

5.5 Details of the progress made against each of the significant governance issues as at 31 December 2020 is given at Appendix 1 and overall performance is summarised in the table at 3.2.

5.6 Progress at the end of December is broadly as expected with work in progress or completed on all 7 issues.

6 Implications

6.1 Financial

None.

6.2 Legal

None.

6.3 Human Resources

None.

6.4 Risk Management

None.

6.5 Equality & Diversity

None.

6.6 Climate Change

None.

7 Appendices to the Report

Appendix 1: Significant Governance Issues – Progress Report as at 31 December 2020.

Progress Report as at 31 December 2020
On the Significant Governance Issues
From the Annual Governance Statement for 2019-20

No.	Issue & Action	Lead Officer & Timescale	Progress/Comments	Status
1	<p>Development of Recovery Strategy re Coronavirus Pandemic</p> <p>A Recovery Strategy is being prepared to deal with the effects of COVID-19 on the Borough. The strategy will focus on 4 key areas:</p> <ul style="list-style-type: none"> • Economic recovery; • Financial recovery; • Community recovery; and • Organisational recovery. 	<p>Leadership Team</p> <p>Ongoing</p>	<p>A recovery strategy and action plan has been prepared. Progress in delivering the strategy is being reported on quarterly to Cabinet and the respective Scrutiny Committees. A new Corporate Plan has been prepared and this includes the ongoing recovery work</p>	 /
2	<p>Financial Stability</p> <p>The Council has incurred both additional expenditure and a material loss of income from fees and charges etc. Despite receiving some additional grant funding, the pandemic is likely to have a significant impact on the Council's finances both in the current year and for the foreseeable future particular as a result of the impact on the Local Economy. This compounds the ongoing financial uncertainty regarding the future funding regime for local government.</p> <p>This will be addressed by:</p> <ul style="list-style-type: none"> • Monitoring the Financial Impact of COVID-19; 	<p>Managing Director and Head of Finance</p> <p>Ongoing</p>	<p>Monitoring of the Financial impact of Covid-19 is ongoing. The potential impact of the pandemic has been reflected in the Financial Plan approved by Cabinet (12 November) and the draft Budget being considered by Cabinet (28 January 2021). As a result of the Provisional Local Government Finance Settlement (17 December 2020) a balanced budget exists for 2021-22, albeit by the use of reserves, however the medium term</p>	

No.	Issue & Action	Lead Officer & Timescale	Progress/Comments	Status
	<ul style="list-style-type: none"> • Implementing an Interim Financial strategy; • Refreshing the Medium Term Financial Plan; and • Determining a Financial Recovery Strategy 		financial stability of the Council is dependent upon changes arising from the future funding regime for local government.	
3	<p>The Economy of the District</p> <p>The pandemic will have a considerable impact on the economy of the District and the Council's plans will need to be reviewed to reflect this. The key actions are:</p> <ul style="list-style-type: none"> • Produce an Economic Recovery Plan; • Refresh the Economic Prosperity Strategy to take account of changing economic environment; and • Pro-actively work with WMCA, GBSLEP to promote the District and identify opportunities for growth during recovery phase. 	Head of Economic Prosperity	An Economic Recovery Plan has been produced. The refresh of the Economic Prosperity Strategy has been put back so that the effect of successive lockdowns and ongoing Government restrictions can be better assessed.	
4	<p>The Council's Key Contractors</p> <p>The lockdown arrangements have resulted in uncertainty for the Council's key contractors and their ability to remain sustainable and continue to provide value for money.</p> <p>The Council is working to support them during lockdown, providing financial assistance and in implementing their recovery plans.</p>	Head of Environment & Healthy Lifestyles Ongoing	Work is ongoing to support IHL as the key contractor affected by successive lockdown's and restrictions on service delivery. A bid to the National Leisure Recovery Fund has been submitted for further funding to support to IHL (December 2020 to March 2021).	

No.	Issue & Action	Lead Officer & Timescale	Progress/Comments	Status
5	<p>Officer Capacity & Financial Resources</p> <p>With the delivery of essential services, key projects and work on recovery resources are stretched. This is being managed through:</p> <ul style="list-style-type: none"> • Regular assessment of implications of Government / MHCLG Covid19 related policy announcements as set out in Coronavirus Bulletins and Ministerial Letters for action; • Review of existing priorities and PDP's in light of Recovery Planning work; and • Review of essential services and operational work plans to re-prioritise work. 	<p>Managing Director</p> <p>Ongoing</p>	<p>The PDPs for 2020/21 were reviewed and a number of projects/ actions have been rescheduled for 2021/22.</p> <p>Throughout the pandemic Leadership Team has regularly assessed the implications of Government announcements and reprioritised services and resources accordingly. So far, this has been managed effectively but as we enter a third national lockdown there are concerns about the resilience of services.</p>	
6	<p>The return to normal democratic processes</p> <p>The lockdown affected the normal committee meeting cycle, with a number of meetings cancelled/postponed, and led to the introduction of virtual meetings.</p> <p>A settled calendar of meetings will be re-instated as lockdown is lifted. This includes consideration as to holding full Council meetings and supporting other functions such as Scrutiny.</p>	<p>Head of Governance & Corporate Services</p> <p>Ongoing</p>	<p>A full calendar of meetings has now been resumed albeit that meetings are being held virtually</p>	
7	<p>Implications arising from EU Exit</p> <p>There is considerable uncertainty about the effect of Brexit on legislation as it affects the Council.</p> <p>The effects of Brexit on legislation and how it affects the Council will be monitored and appropriate action taken to ensure continuing compliance.</p>	<p>All Heads of Service</p>	<p>Now that the terms of the UK's exit from the EU have been agreed, Heads of Service are monitoring Government updates and assessing the implications for the Council and service delivery</p>	

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