

**CANNOCK CHASE COUNCIL**  
**AUDIT & GOVERNANCE COMMITTEE**  
**20 AUGUST 2012**  
**REPORT OF THE HEAD OF GOVERNANCE**  
**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 2011-12.

**2. Recommendations**

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| 2.1 That the Committee notes the contents of the progress report on the Annual Governance Statement for 2011-12. |
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**3. Key Issues**

- 3.1 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.
- 3.2 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.
- 3.3 The Annual Governance Statement (AGS) for 2010-11 was considered by the Audit & Governance Committee on 26 June 2012 and the Council approved it on 8 August 2012.

- 3.4 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 second progress report.
- 3.5 Whilst none of the actions were due for completion in Quarter 1, a summary of the progress made against each of the significant governance issues in the first quarter are given at Annex 1.
- 3.6 For the significant governance issues identified in the AGS progress can be summarised as follows:
- 4 Significant progress is being made to deliver the action and is on target for completion (status shown as green tick Annex 1)
  - 5 Some progress is being made to deliver the action (status shown as amber triangle on Annex 1)
  - 3 No action has yet been taken (status shown as red cross on Annex 1)

#### **4. Legal Implications**

- 4.1 Appropriate governance arrangements are required to monitor and ensure that the Council carries out its functions in accordance with its various statutory duties and responsibilities. Inadequate arrangements increase the risk of failure to comply with these duties and, therefore, the risk of legal challenge to the Council's decisions.
- 4.2 The Progress Report provides useful documentary evidence of the lengths and measures being taken by the Council in not only identifying deficiencies or potential weaknesses, but also considerable assistance in addressing those deficiencies/weaknesses. In view of the importance of governance arrangements, the regular review of progress will ensure that issues posing risks to the organisation are actioned in a timely and effective manner, thereby reducing, if not eliminating, the risk and liability to the Council.

#### **5. Financial Implications**

- 5.1 There are no financial implications arising directly from this report, however, in resolving any serious issues that have arisen from the Annual Governance Statement, managers must either:
- Implement recommendations within existing budgets; or
  - Submit a report to Council requesting a supplementary estimate to obtain further resources to help implement recommendations.
- 5.2 Whilst there are no specific concerns about the financial arrangements for the Council's current key partnerships, having a governance framework in place would help to ensure that sound financial arrangements are put into place for all of the Council's key partnerships.

#### **6. List of Background Papers**

None

7. **Annexes to the Report**

**Annex 1 – Significant Governance Issues – Progress Report for Quarter 1**

8. **Report Author Details**

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**PROGRESS REPORT FOR QUARTER 1  
ON THE SIGNIFICANT GOVERNANCE ISSUES FROM THE ANNUAL GOVERNANCE STATEMENT FOR 2011-12**

**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
	<b>Issues from 2011-12</b>			
1	The approach to reporting on performance and the costs of delivering services/outcomes is not consistent across the Council. This impacts on decision-making and assessing the value for money of services.	A review of performance and financial reporting is to be undertaken in 2012-13 as part of the move to turning Priority Delivery Plans into high level service places. Responsible Officer – Head of Policy and Head of Finance Date – Quarter 4 in readiness for 2013-14	Work has not yet commenced on this – it is not due until later in the year.	

No	Issue	Action	Progress/Comments	Status
2	The governance arrangements for partnerships are not always clearly structured, documented or effective. Partnership risks are not fully understood or well managed.	Governance framework to be developed for partnership working and rolled out to relevant partnership lead officers for implementation. To include requirement to set up and monitor risk registers for each partnership. Responsible Officer – Head of Governance Date – Quarter 2	A governance framework for partnerships has been drafted and passed to Legal Services for comments. The intention is to submit this to Leadership Team for consideration in September	
3	The Council's approach to understanding it's customers needs and consulting and engaging with them is not yet fully developed and embedded across the Council.	A combined Consultation & Engagement Strategy is to be prepared. Responsible Officer – Head of Policy Date – Quarter 2  District Needs Analysis to be undertaken Responsible Officer – Head of Policy Date – Quarter 2  New approach to E&D Impact Assessments to be rolled out to managers Responsible Officer – Head of Policy Date – Quarter 2	Was received by Cabinet on 19 July, referred to Council on 8 August.  On target.  WMT training session and launch of new assessments carried out June/July 2012	    

No	Issue	Action	Progress/Comments	Status
4	There are elements of the Constitution that are in need of updating to reflect changes and best practice. For example, the Contract Procedure Rules and Financial Regulations are out of date as a result of changes in the senior management structure – these are to be reviewed as part of the shared services transformation work. A significant part of the work is identifying inconsistencies and duplication has been completed but is to be referred to a Member Working Group prior to approval by Council.	<p>The review and updating of the Constitution is to be completed.</p> <p>Responsible Officer –</p> <p>Head of Law &amp; Administration (Stafford Borough Council)</p> <p>Legal Services Manager (for Contract Procedure Rules only)</p> <p>Head of Financial Management (for Financial Regulations only)</p> <p>Date – Quarter 3</p>	<p>A meeting of the Member Working Group is being arranged to consider the changes reported to Council in April 2012.</p> <p>Work has commenced on the review of the Contract Procedure Rules.</p> <p>Work has commenced on the review of Financial Regulations. A first draft is due by end of October.</p>	
5	The Code of Governance is out of date (due to changes in the senior management structure) and in need of review.	<p>Code of Governance to be reviewed and updated.</p> <p>Responsible Officer – Head of Governance</p> <p>Date – Quarter 3</p>	Work has not yet started on this but it is anticipated that it will be completed by the target of quarter 3.	

No	Issue	Action	Progress/Comments	Status
<b>Issues for 2012-13</b>				
6	The Shared Services governance arrangements need to be monitored to ensure that they continue to be effective in practice. 2012-13 will be a key year in the implementation of the transformation plans and these will also need to be monitored	<p>Review of the shared service governance arrangements Responsible Officer: Monitoring Officer and Head of Governance Date – Quarter 2</p> <p>Monitoring of the delivery of the Transformation Plans. Responsible Officer: Head of Governance Date – Ongoing through 2012-13</p>	<p>It is planned to undertake this review in September 2012.</p> <p>The delivery of the transformation plans is being monitored via monthly Client Meetings with the relevant lead officers</p>	<p></p> <p></p>
7	Management of the new Leisure Contract – this will be a significant issue moving into 2012-13 as the contract came into effect on 1 April 2012	<p>To fully develop and establish a detailed contract and performance monitoring framework in respect of the new partnership with WLCT Responsible Officer – Head of Commissioning Date – Quarter 2</p>	<p>Details of the relationship between WLCT and the Council are set out in the contract documentation. Using this, a contract and performance monitoring guidance document has been developed to monitor the performance and contract compliance of the Council's new Culture and Leisure services provider, WLCT.</p>	<p></p>