

**CANNOCK CHASE COUNCIL**  
**AUDIT & GOVERNANCE COMMITTEE**  
**23<sup>RD</sup> FEBRUARY 2009**  
**REPORT OF THE CHIEF EXECUTIVE**  
**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 2007-08.

**2. Recommendations**

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| 2.1 That the Committee notes the contents of the progress report on the Annual Governance Statement for 2007-08. |
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**3. Background**

- 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 2007-08 was considered by the Audit & Governance Committee on 17<sup>th</sup> June 2008 and it was recommended that Council approve the AGS.
- 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. This report outlines the progress made up to 31<sup>st</sup> December 2008.
- 3.5 Of the 7 significant governance issues identified in the AGS:
- 0 have been addressed in full (status shown as green on Annex 1)
  - 7 are being progressed (status shown as amber on Annex 1)
  - 0 no action has yet been taken (status shown as red on Annex 1)
- 3.6 Details of the progress made against each of the significant governance issues is given at Annex 1.

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

- 4.1 The Council is charged with various statutory duties and responsibilities and is further required to account for the manner and way in which it discharges those duties and responsibilities. There is a statutory duty on the Council to consider its processes carefully and where potential deficiencies are found, to take prompt action to address the same. As a public body, it is of paramount importance that the integrity of the Council is maintained and that all reasonable, appropriate and proportionate steps are taken to ensure that the deficiencies identified are remedied.
- 4.2 The Council inevitably exposes itself to potential criticism and litigation should its governance arrangements fail or be found to be inadequate. Key issues have been identified which have the potential to expose the Council, and in some respects its' staff, to potential civil and criminal action.
- 4.3 Inadequacies in governance arrangements, if not addressed, pose a real and likely litigation risk. The extent and nature of such risks will vary depending on the nature and extent of the deficiency and the resulting damage/loss (if relevant).
- 4.4 However, the suggested action to be taken to address the significant governance issues will assist greatly in minimising the risks and potential legal implications identified.
- 4.5 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**

**8. Report Author Details**

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**ANNUAL GOVERNANCE STATEMENT FOR 2007-08**  
**SIGNIFICANT GOVERNANCE ISSUES - PROGRESS UPDATE**

No	Issue	Action	Progress/Comments
1	The Council's ability to respond to a major incident and/or to operate in full or in part in the event of an unforeseen disaster/emergency is not fully documented and plans have not been tested.	<p>A major incident plan has been put in place during 2007-08 and was tested in part during a real incident in March 2008.</p> <p>A full Project Plan is in place to deliver comprehensive business continuity plans for services and corporately.</p> <p>Responsible Officer – Head of Governance &amp; VFM</p> <p>Date – February 2009</p>	<p>The Gold and Silver Teams have been on training courses and a desk-top exercise was undertaken in November 2008 to test the Major Incident Plan.</p> <p>Work is underway on preparing business continuity plans for services and corporately. Phase 1 has been completed and Phase 2 is nearing completion. Plans are in hand to commence Phase 3. Operational Business Continuity Plans should be in place for April 2009 and the Corporate Business Continuity Plan for June 2009.</p>
2	The Council's asset management strategy and asset management plan has not been updated recently and lacks the information needed to make informed decisions on resources	<p>Asset Management Strategy and asset management Plan to be reviewed and updated.</p> <p>Responsible Officer – Head of Planning &amp; Regeneration</p> <p>Date – March 2009</p>	<p>An interim review of the AMP was carried out for October 2008 as part of the Council's Use of Resources Assessment. Work is under way on preparing a 'gap analysis' of the AMP against the latest guidance and KLOE.</p> <p>A project plan is being prepared to deliver an asset management strategy and plan, for delivery under the new senior management structure.</p>

No	Issue	Action	Progress/Comments
3	Customers' perception and reputation of the Council as a whole is not aligned with the level/quality of services provided.	<p>PAT to be set up to look at customer satisfaction</p> <p>Responsible Officer – Director of Service Improvement</p> <p>Date – December 2008</p> <p>Customer Strategy and delivery action plan</p> <p>Responsible Officer – Customer Services Manager</p> <p>Date – December 2008</p>	<p>The Director of Service Improvement has established and chairs the Customer Satisfaction PAT which is preparing a delivery action plan to understand the issues and from this, strategies will be developed.</p> <p>The customer access strategy and action plan has been tied in to the customer satisfaction PAT.</p>
4	Fragmented approach to the protection of vulnerable people (ie children and adults) in receipt of Council services	<p>Overarching Policy for the Protection of Vulnerable People has been drafted and will be approved shortly.</p> <p>Processes to be reviewed and developed following the approval of the strategy.</p> <p>Responsible Officer – HR Manager</p> <p>Date – September 2008</p>	<p>The Policy has been drafted and reviewed by the Children &amp; Young People Select Committee. Comments from Committee are to be incorporated and forwarded to DMT for approval. The policy will be finalised in May 2009.</p>

No	Issue	Action	Progress/Comments
5	Value for Money (VFM) is recognised as adequate but needs to improve to meet the Council's aspirations and the national agenda.	<p>Review of the procurement strategy and procurement practices, guidelines, etc</p> <p>Development of a VFM Strategy and methodology</p> <p>Responsible Officer – Head of Governance &amp; VFM</p> <p>Date – September 2008 for VFM and March 2009 for Procurement</p>	<p>Work on the procurement strategy has been delayed but it is hoped will be completed by April 2009. A procurement handbook has been drafted but further work is on hold until the Corporate Procurement Officer returns from maternity leave</p> <p>A VFM methodology has been developed and the principles have been embedded into the business plan template for 2009-10, along with a VFM scoring model. A programme of VFM reviews is being developed for 2009-10. A VFM strategy has been drafted and will be reported to Cabinet in March 2009 along with the VFM review programme.</p>
6	The governance arrangements for non-statutory partnerships are not always clearly structured and documented.	<p>Governance framework and guidance to be developed for partnership working.</p> <p>Responsible Officer – Partnerships Manager</p> <p>Date – March 2009</p>	<p>A project action team has been set up to develop a governance framework for partnerships.</p> <p>It is estimated that a draft framework will be completed by 30 April 2009.</p>

No	Issue	Action	Progress/Comments
7	Performance management and financial management are not sufficiently aligned and embedded to ensure accountability	<p>The performance management framework has been revised.</p> <p>Financial Regulations have been reviewed to ensure greater accountability.</p> <p>Commissioning statements have been introduced for 2008-09.</p> <p>Performance management reporting and financial reporting to be aligned.</p> <p>Responsible Officer – Performance Manager and Head of Financial Management</p> <p>Date – December 2008</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p> <p>Work is in progress on this issue and is being linked to the update of the balanced scorecard.</p>

**Key To Shading**

**Action Complete**

**Work in Progress**

**No Action Taken Yet**