

ITEM NO. 6.1

Report of:	Head of Governance & Corporate Services
Contact Officer:	Judith Aupers
Telephone No:	4411
Portfolio Leader:	Corporate Improvement
Key Decision:	No
Report Track:	Audit & Governance Committee only

**AUDIT & GOVERNANCE COMMITTEE
27 NOVEMBER 2018
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 2017-18.

2 Recommendations

- 2.1 That the Committee notes the contents of the progress report on the Annual Governance Statement for 2017-18.

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 2018 is given at Appendix 1.
- 3.2 For the 11 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);
 - 7 Some progress is being made to deliver the action (status shown as amber triangle on Appendix 1);
 - 1 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 of 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 2017-18 was approved by the Audit & Governance Committee on 19 June 2018.

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 2018 is given at Appendix 1 and overall performance is summarised in the table at 3.2.

5.6 Progress at the mid-year stage is as expected with work in progress or completed on 10 of the 11 issues. There is however 1 issue where there has been no progress and the work has been rescheduled to February 2019.

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 2018

Background Papers

File available in the Head of Governance & Corporate Services' Office

**PROGRESS REPORT AS AT 30 SEPTEMBER 2018
ON THE SIGNIFICANT GOVERNANCE ISSUES
FROM THE ANNUAL GOVERNANCE STATEMENT FOR 2017-18**

No.	Issue & Action	Timescale & Lead Officer	Progress/Comments	Status
1	<p>Financial Regulations</p> <p>The Financial Regulations are in need of revision and updating, prior to reporting to Council for approval.</p>	<p>September 2018</p> <p>Head of Finance</p>	<p>Draft produced and to be considered by Leadership Teams before submitting to both Cannock Chase and Stafford Councils</p>	
2	<p>Employees' Code of Conduct</p> <p>The Employees' Code of Conduct is in need of revision and updating.</p>	<p>September 2018</p> <p>Heads of Human Resources, Law & Administration and Governance & Corporate Services</p>	<p>An initial meeting has been held and a model for the revised Code of Conduct has been identified. Work has not yet commenced on tailoring this to meet the needs of the Council. Work on the Code is now scheduled to be completed by March 2019</p>	

No.	Issue & Action	Timescale & Lead Officer	Progress/Comments	Status
4	<p>Financial Stability</p> <p>The Approved Budget and Plan currently provides an ongoing balanced budget with the use of balances required in 2019/20 pending the opening of Mill Green Designer Outlet Village in 2020/21.</p> <p>The Balanced Budget in 2020/21 is based upon the current Local government Finance Regime, however fundamental changes, to Government Funding, details still to be determined, are set to take place in 2020/21 (implementation of 75% Business Rates Retention; Fair Funding and Business Rates Reset) combined with the ongoing uncertainty in relation to the longevity of the New Homes Bonus grant scheme creates a key strategic risk for the financial stability of this and all other councils. Details are unlikely to become clear before the Autumn of 2019.</p> <p>Budget strategies need to be developed reflecting the various scenarios and efficiency savings implemented as soon as practically possible.</p>	Ongoing Managing Director and Head of Finance	<p>Monitoring of design of new funding regime undertaken on an ongoing basis.</p> <p>Responses made to relevant Consultations</p> <p>Financial plan to be submitted to November Cabinet.</p>	

No.	Issue & Action	Timescale & Lead Officer	Progress/Comments	Status
5	<p>Management capacity and delivery of the Council's corporate priorities and statutory duties - management capacity continues to be an issue. The situation will be managed by:</p> <ul style="list-style-type: none"> Leadership Team are assessing the need for additional project and programme management capacity to deliver capital and revenue projects; and Increasing capacity with the Property Services Team to address building compliance issues and support the delivery of regeneration schemes. 	<p>September 2018</p> <p>December 2018</p> <p>Managing Director</p>	<p>Budget of £136k identified from existing S.106 reserves to recruit additional project management capacity</p> <p>An additional post has been created within the Property Services Team. A candidate was appointed to post but subsequently withdrew from the offer. Currently reviewing post with intention to conduct recruitment process again.</p>	<p></p> <p></p>

No.	Issue & Action	Timescale & Lead Officer	Progress/Comments	Status
6	<p>Cyber Security</p> <p>With the rise in cyber attacks nationally, it is planned to:</p> <ul style="list-style-type: none"> • Update firewall system • Provide cyber awareness training for users (Members and Employees) 	<p>June 2018</p> <p>October 2018 Head of Technology</p>	<p>Partially complete. New firewall is in place and processing data. It has not yet fully taken over from the previous one.</p> <p>Cyber training has been provided along with the data protection training to all Members and employees.</p>	<p></p> <p></p>

No.	Issue & Action	Timescale & Lead Officer	Progress/Comments	Status
7	<p>Corporate Plan and Delivery Plans</p> <p>Following the production of the new Corporate Plan for 2018-23, it is necessary to ensure that there are detailed action plans in place to support the delivery of the Council's priorities and that these are managed.</p>	<p>Plans in place - June 2018</p> <p>Management of plans – ongoing</p> <p>Head of Governance & Corporate Services and Leadership Team</p>	<p>The Priority Delivery Plans (PDPs) to support the new Corporate Plan have been produced and were approved by Council in June.</p> <p>Performance against the PDPs will be reported quarterly to Leadership Team, Cabinet and to the Scrutiny Committees.</p>	
8	<p>Contracts Register</p> <p>As a result of the failure to plan adequately for the re-tendering of a number of key contracts before they came to an end, there is a need to develop and maintain departmental contracts registers and procurement plans to support the timely planning for the procurement of contracts in future.</p>	<p>October 2018</p> <p>Head of Governance & Corporate Services and Leadership Team</p>	<p>Due to other work taking priority this has not yet been progressed. The work has been rescheduled for February 2019</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