

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

AUDIT & GOVERNANCE COMMITTEE
18 NOVEMBER 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 2013-14.

2 Recommendations

- 2.1 That the Committee notes the contents of the progress report on the Annual Governance Statement for 2013-14.

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 2014 is given at Appendix 1.
- 3.2 For the 9 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 Appendix 1);
 - **2** 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).

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 2013-14 was considered by the Audit & Governance Committee on 24 June 2014 and the Council approved it on 16 July 2014.

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 2014 is given at Appendix 1 and overall performance is summarised in the table at 3.2.

5.6 Generally progress so far is good with work underway or already achieved on 6 of the 9 issues. With regard to the 3 issues where there has been no progress, 2 of them are dependent on work on related matters being completed first.

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 2014

Background Papers

File available in the Head of Governance's Office

**PROGRESS REPORT AS AT 30 SEPTEMBER 2014
ON THE SIGNIFICANT GOVERNANCE ISSUES
FROM THE ANNUAL GOVERNANCE STATEMENT FOR 2013-14**

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	Constitution - 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) October 2014	There has been no further progress on this due to other work priorities.	

No	Issue	Action	Progress/Comments	Status
2	<p>Contract Procedure Rules & Financial Regulations - 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.</p>	<p>Legal Services Manager and Head of Finance</p> <p>December 2014</p>	<p>A revised set of Financial Regulations have been drafted but these now need to be considered alongside the Contract Procedure Rules.</p> <p>A new set of Contract Procedure Rules have been drafted and are currently subject to consultation with the Head of Governance. Details of statutory changes are also awaited as these are likely to impact on the Council's rules.</p>	
3	<p>Code of Governance - this is out of date (due to changes in the senior management structure) and in need of review to reflect recent updated guidance.</p>	<p>Head of Governance</p> <p>September 2014</p>	<p>A new national Code of Governance has been issued. As part of a piece of work being undertaken by Internal Audit, a gap analysis is being undertaken of the Council's existing governance arrangements to assess the level of compliance with the new national Code. This work will be used to inform the revision of the Council's Code of Governance. It is anticipated that Internal Audit's work will be completed in Quarter 3 and the intention is to produce a draft code in Quarter 4.</p>	

No	Issue	Action	Progress/Comments	Status
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 December 2014	Work needs to be finalised on the refresh of the values before reviewing the Code of Conduct for Employees. It has hoped that the values will be approved by Cabinet later this year. However, it is likely that the Code of Conduct will not now be updated until 2015-16	
Ongoing Issues from 2013-14				
5	Budgetary Issues – arising from CSR 2013. Savings have been identified and a balanced budget achieved. Work will continue to prepare for the future with regard to ongoing reductions in public expenditure.	Chief Executive and Head of Finance Ongoing	The Budget Strategy continues to be implemented as part of an ongoing review. In particular negotiations have been finalised with the Greater Birmingham & Solihull LEP on Business Rates Pooling enabling a balanced budget to be achieved for 2015-16. Although a large degree of uncertainty exists for funding post 2015-16, work will continue to prepare for the future with regard to ongoing reductions in public expenditure	

No	Issue	Action	Progress/Comments	Status
6	<p>Welfare Reforms – national changes to benefits payments, including council tax. Local scheme determined for changes to council tax. Whilst work has been done to engage with affected council tax payers, voluntary sector organisations, landlords etc, to ensure that claimants are able to access the help that the Council can provide, arrears levels have been affected. This will be subject to targeted support and action during 2014-15.</p>	<p>Head of Finance</p> <p>Ongoing</p>	<p>Progressing as expected.</p> <p>Local Council Tax Reduction Scheme is now fully implemented and operational. Work continues to be done with council taxpayers and voluntary organisations to ensure that residents claim what they are entitled to. The increased amounts that benefit claimants are required to pay, continue to prove difficult to recover in some cases, but work continues to assist residents that have difficulty in paying and take recovery action against those that do not pay.</p> <p>The Discretionary Housing Payment scheme continues to be used to support Benefit claimants affected by welfare reforms and, particularly those facing increased rents due to the Removal of Spare Room subsidy.</p> <p>The roll out plan for Universal Credit to replace Housing Benefit is still uncertain and officers will continue to monitor this and report any changes accordingly.</p>	

No	Issue	Action	Progress/Comments	Status
7	<p>Local Enterprise Partnership (LEP) - generally the changes to LEP governance as a result of the Government's intention to introduce a Single Growth Fund in 2015 and to make LEPs vehicles for European funding have been addressed. However, discussions relating to the percentage of business rate pooled monies returned to growth areas will continue.</p>	<p>Chief Executive / Head of Planning & Regeneration</p> <p>Ongoing</p>	<p>The business rates pooling issue has now been resolved with the Greater Birmingham & Solihull LEP</p>	
Issues for 2014-15				
8	<p>Public Service Reductions in the district of Cannock Chase - actions include:</p> <ul style="list-style-type: none"> • active approach to consultation on service changes; • negotiation on proposals; • understanding and identifying the impact across the district as a whole; and • working more closely with partners 	<p>Chief Executive & Corporate Director</p> <p>Ongoing</p>	<p>The Cabinet has considered and responded to various consultations on public sector service reductions eg Minor Injuries Unit at Cannock Hospital, Library Services, Youth Centres and Supporting People cuts. The Council has had to manage the consequences of a removal of grant funding of £214,000 for social alarms. The Council has also worked with other partner agencies to mitigate the impact of the service reductions in the District.</p>	

No	Issue	Action	Progress/Comments	Status
9	Key Management & Supervisory Controls – review to be undertaken with Leadership Team and service managers of all key supervisory/management controls and key projects/significant pieces of work to consider their effectiveness, priority etc and ensure adequate resources are available to deliver them	Leadership Team and Head of Governance	Preparatory work for this has commenced. Workshops to be scheduled commencing in Quarter 3	