| ITEM NO. 6.1 |
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| **Report of:** | **Head of Governance and Corporate Services** |
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| **Report Track:** | **Audit & Gov Cttee: 03/12/19** |

# AUDIT & GOVERNANCE COMMITTEE

# 3 DECEMBER 2019

# 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 2018-19.

## 2 Recommendations

2.1 That the Committee notes the contents of the progress report on the Annual Governance Statement for 2018-19.

## 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 2019 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 or has been completed (status shown as green tick Appendix 1);
- 3 - Some progress is being made to deliver the action (status shown as amber triangle on Appendix 1);
- 2 - 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 2018-19 was approved by the Audit & Governance Committee on 25 June 2019.

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 2019 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 7 of the 9 issues. There are however 2 issues where there has been no progress yet and the work has been rescheduled to the new year.

## 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 2019

**Background Papers**

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

**ITEM NO. 6.**

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**APPENDIX 1**

# PROGRESS REPORT AS AT 30 SEPTEMBER 2019 ON THE SIGNIFICANT GOVERNANCE ISSUES FROM THE ANNUAL GOVERNANCE STATEMENT FOR 2018-19

**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 | Timescale & Lead Officer | Progress / Comments | Status |
|---|---|---|---|---|
| 1 | **Employees' Code of Conduct**<br>The review of the Employees' Code of Conduct has been completed. The revised Code needs to be approved by Leadership Team and Council. Once approved, all employees will need to be made aware of the new Code of Conduct. | September 2019<br>Head of Human Resources,<br>Head of Law & Administration and<br>Head of Governance & Corporate Services | Progress on this has been delayed due to other work taking priority.<br>The Code will be submitted to Leadership Team in Q4. | |

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| No. | Issue & Action | Timescale & Lead Officer | Progress / Comments | Status |
|---|---|---|---|---|
| **2** | **Information Governance**<br>(a) An Information Governance Framework needs to be developed to complement the existing policy documents.<br><br>(b) The revision of the Retention of Documents Schedule needs to be completed and employees made aware of it. | January 2020<br><br>October 2019<br>Head of Governance & Corporate Services | A framework has been drafted and is being consulted upon prior to going to Leadership Team.<br><br>The Retention of Documents Schedule is being reviewed as part of the data audit | <br> |
| **3** | **Contracts Register**<br>Management of Contracts in particular ensuring adequate timeframe for re-letting of major contracts e.g. housing/leisure. Develop and maintain departmental contracts registers and procurement plans to support the timely planning for the procurement of contracts in future. | January 2020<br>Head of Governance & Corporate Services and Leadership Team | Progress on this has been delayed due to other work taking priority.<br>Work will commence in 2020. | |

| No. | Issue & Action | Timescale & Lead Officer | Progress / Comments | Status |
|---|---|---|---|---|
| 4 | **Financial Stability**<br><br>The Approved Budget and Plan currently provides an ongoing balanced budget. This 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 which 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. Actions planned include:<br>• Robust Medium Term financial strategy to continue to take a pro-active approach to mitigate the effects of further financial reductions.<br>• Increase level of reserves to manage potential risks.<br>• Undertake a range of service reviews to identify savings and growth options.<br>• Continue careful management of all Council's budgets and assets to maximise their impact. | Ongoing<br><br>Managing Director and Head of Finance | Although the changes to the Local Government Finance Regime have been delayed until 2021-22 work the actions planned continue to be progressed.<br><br>Monitoring of the design of the new system is undertaken on an ongoing basis, responses to consultations actioned as appropriate and Financial Plan submitted to Cabinet in November | |

| No. | Issue & Action | Timescale & Lead Officer | Progress / Comments | Status |
|---|---|---|---|---|
| 5 | **Management capacity and delivery of the Council's corporate priorities and statutory duties**<br><br>In order to ensure that there is adequate management and officer capacity to deliver the Council's priorities in the period 2019 – 2023, it is planned to:<br>• Ensure that all priorities in the Priority Delivery Plans are resourced appropriately.<br>• Ensure that health and safety compliance across all services is maintained as a priority.<br>• Through a programme of service reviews, realign resources with corporate priorities where necessary.<br>• Leadership Team to maintain an overview of the performance of the organisation through 'managing the business' indicators to identify any capacity issues earlier and take appropriate remedial actions.<br>• Additional projects / requests many need to be refused or deferred until following financial year.<br>• Succession planning to anticipate retirements especially at senior manager level.<br>• Identification of additional resources for project management/back filling | Ongoing<br><br>Managing Director | The Council's management capacity is being monitored closely and action has already been taken by not accepting new project requests in year in order to protect capacity to deliver the agreed PDP priorities. In some instances additional funding has been approved to bring in additional capacity eg to support the work on climate change arising from the Council motion.<br><br>The majority of PDP priorities are on target but there are a number of Amber 'not on target' areas in part due to management capacity. PDP Priorities not on target are being reviewed by Leadership Team and resource implications are being re-considered. The Managing the Business Indicators continue to be monitored by Leadership Team and any areas of concern are being acted upon.<br><br>The service review process has been established and a consultant appointed to support this work.<br><br>Work has commenced on succession planning. | |

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| No. | Issue & Action | Timescale & Lead Officer | Progress / Comments | Status |
|---|---|---|---|---|
| 6 | **Implications arising from EU Exit**<br>There is considerable uncertainty about the effect of Brexit on legislation as it affects the Council.<br>The effects of Brexit on legislation and how it affects the Council will be monitored and appropriate action taken to ensure continuing compliance. | Ongoing<br>All Heads of Service | The situation continues to be monitored and discussed at Leadership Team | |
| 7 | **Effective management of Corporate Assets and compliance**<br>• Review of resources and capacity (Recruit Corporate Asset Manager and restructure roles in the Property Services Team)<br>• Ensure robust systems in place to secure compliance across full range of building related risk<br>• Review condition surveys for Council owned assets and identify a phased plan for maintenance / investment (linked to development of Asset Strategy / Plan below)<br>• Development of a new Asset Management Strategy / Plan<br>• Regular briefings of Managing Director on progress against compliance agenda. | April 2020<br>(Subject to appointment of Corporate Assets Manager)<br>Head of Economic Prosperity and Corporate Assets Manager | Corporate Asset Manager has been appointed and commenced 28/10/19.<br>Corporate Asset Manager will be tasked with taking forward the review of condition surveys on Council owned properties and developing a new Asset Management Strategy.<br>Compliance issues are being actively managed with replacement to Civic Centre Fire Doors and Compartmentation and refurbishment of the Toilets a key priority.<br>Regular meetings taking place between the Managing Director, Head of Economic Prosperity and Corporate Property team to discuss / review compliance issues. | |

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| No. | Issue & Action | Timescale & Lead Officer | Progress / Comments | Status |
|---|---|---|---|---|
| 8 | **Economic Growth**<br>It will be necessary to balance the Council's economic growth aspirations and speculative investment:<br>• Need to ensure Business Rates and Council Tax compliance;<br>• Consider alternative funding sources;<br>• Procurement of Cannock town centre development partner;<br>• Management of gap funding; and<br>• Development of an Economic Prosperity Strategy | Ongoing<br>Head of Finance / Head of Economic Prosperity | The Council has a very active economic prosperity agenda and a number of key projects are making good progress. The construction of the McArthurGlen Designer Outlet West Midlands is well underway and the build programme is on track. The Engineering Academy at Cannock Chase College has now formally launched and has received £1.5m of capital funding - £0.5m from the Council, £0.5m from Stoke-on-Trent Staffordshire LEP and £0.5m from Greater Birmingham & Solihull LEP.<br>The Head of Economic Prosperity has led the development of a new Economic Prosperity Strategy and this will be presented to Cabinet for approval in December 2019.<br>The Council has launched a Development Prospectus for Cannock Town Centre and the vision is to reposition the Town Centre as a Leisure and Culture Hub. The prospectus features nine Council owned opportunity sites which are all potentially available for re-development. | |