

Report Title:	2019-20 Annual Governance Statement
Contains Confidential or Exempt Information?	No - Part I
Lead Member:	Councillor Johnson, Leader of the Council
Meeting and Date:	Corporate Overview and Scrutiny Panel – 15 June 2020
Responsible Officer(s):	Duncan Sharkey, Managing Director Karen Shepherd, Head of Governance
Wards affected:	All

www.rbwm.gov.uk



## REPORT SUMMARY

- 1 This report presents the draft 2019/20 Annual Governance Statement (AGS), including the Corporate Action Plan, attached as Appendix 1.
- 2 It recommends that the Panel considers the content and recommends the 2019/20 AGS to the Leader and Managing Director for signature and presentation with the Annual Statement of Accounts.
- 3 The recommendation is being made to ensure that the council meets its statutory requirements and those of the Panel's Terms of Reference to be satisfied that the council has in place appropriate corporate governance systems and controls.

## 1 DETAILS OF RECOMMENDATION(S)

**RECOMMENDATION:** That the Corporate Overview and Scrutiny Panel notes the report and:

- i) **Considers the draft 2019/20 AGS, identifying any specific matters which should be brought to the attention of Council or Cabinet;**
- ii) **Recommends the 2019/20 AGS to the Leader of the Council and Managing Director for signature and publication with the council's Statement of Accounts.**
- iii) **Requests that update reports be provided to the Panel summarising progress in achieving the governance action plan on those areas identified as requiring action in the Corporate Action Plan.**

## 2 REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

- 2.1 The annual review of the council's governance framework is required under the Accounts and Audit Regulations 2015 which state that 'A relevant authority must ensure that it has a sound system of internal control' (Regulation 3) and 'each financial year conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement' (Regulation 10).
- 2.2 The AGS is required to demonstrate that systems and processes are in place to ensure that council business is conducted lawfully and in accordance with proper standards and to identify areas where compliance could be improved.

- 2.3 The draft AGS and Corporate Action Plan for 2019/20 are set out in Appendix 1 to this report.
- 2.8 Once recommended by the Panel, the AGS is required to be signed off by the Managing Director and the Leader of Council and presented with the council's 2019/20 Statement of Accounts to fulfil the council's statutory obligations. The external auditor is then required to comment on the content of the AGS in terms of whether it correctly represents the organisation.

<b>Option</b>	<b>Comments</b>
Consider the draft 2019/20 AGS and recommend it to the Managing Director and Leader of the Council for signature and publication with the council's Statement of Accounts. <b>The recommended option</b>	This will ensure that the council meets its statutory requirements. In addition, the Panel will comply with its responsibilities as set out within its Terms of Reference in respect of the council's governance arrangements.
Note the draft 2019/20 AGS and propose further changes before submission to the Managing Director and Leader of the Council.	Members may wish to propose that the AGS is amended if they feel that there are material issues which have not received sufficient emphasis or are not covered.
Not recommend the 2019/20 AGS.	The council will not meet its statutory requirements, and this may expose the council to an avoidable risk, arising from not having an adequate governance framework in place. This could result in a qualification in the External Auditors' Annual Management Letter.

### 3 KEY IMPLICATIONS

**Table 2: Key implications**

<b>Outcome</b>	<b>Unmet</b>	<b>Met</b>	<b>Exceeded</b>	<b>Significantly Exceeded</b>	<b>Date of delivery</b>
The council has a process in place to meet the core principles of good governance supporting good performance and outcomes for service users / residents.	Poor service performance and outcomes for service users / residents.	Good service performance and outcomes for service users / residents.	n/a	n/a	Ongoing

<b>Outcome</b>	<b>Unmet</b>	<b>Met</b>	<b>Exceeded</b>	<b>Significantly Exceeded</b>	<b>Date of delivery</b>
Residents will have assurances that the principles of good governance are incorporated into the council's normal business processes, providing them with confidence in the decision-making and management processes and in the conduct and professionalism of its Members, officers, partners and other agents in delivering services.	Loss of residents' confidence. Council reputation may be affected.	Residents' confidence in place. Council reputation protected.	n/a	n/a	Ongoing

#### **4 FINANCIAL DETAILS / VALUE FOR MONEY**

##### **4.1 Financial impact on the budget**

There are no revenue implications arising directly as a result of this report.

#### **5 LEGAL IMPLICATIONS**

- 5.1 The Accounts and Audit Regulations 2015 require that a relevant authority must ensure that it has a sound system of internal control (Regulation 3) and each financial year conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement (Regulation 10).

#### **6 RISK MANAGEMENT**

**Table 3: Impact of risk and mitigation**

<b>Risks</b>	<b>Uncontrolled Risk</b>	<b>Controls</b>	<b>Controlled Risk</b>
Failure to have a process in place to meet all core principles of good governance	High	Ensure that:-  The AGS provides the management processes to update, review and react to amendments to Corporate Governance principles, as laid out by legislative requirements.	Low

<b>Risks</b>	<b>Uncontrolled Risk</b>	<b>Controls</b>	<b>Controlled Risk</b>
leads to poor performance, poor outcomes for service users / residents.		<p>An independent Audit Committee (in the form of this Panel) has the skills capable of both considering and challenging the robustness of the council's governance arrangements.</p> <p>Senior officers and Members take ownership of the AGS.</p> <p>Update reports are provided to the Panel summarising progress in achieving the governance action plan on those areas identified as needing to be addressed</p>	
Failure to consult appropriate officers with correct levels of responsibility in the assurance gathering process.	High	<p>All members of the Corporate Leadership Team are consulted on the content of the AGS and Corporate Action Plan.</p> <p>Periodic update reports provided to the Corporate Leadership Team summarising progress in achieving the governance action plan on those areas identified as needing to be addressed.</p>	Low

## **7 POTENTIAL IMPACTS**

- 7.1 The adoption of the AGS process will support the delivery of all six strategic objectives.
- 7.2 Equalities: No impacts have been identified
- 7.3 Climate Change/sustainability: No impacts have been identified
- 7.4: Data Protection/GDPR: No impacts identified

## **8 CONSULTATION**

- 8.1 The AGS has been developed by the Statutory Officers Group comprising the Managing Director, S151 Officer, Monitoring Officer, Head of Law and Head of Governance. All members of the Corporate Leadership Team have been consulted in the preparation of the AGS and accompanying Action Plan.

## **9 TIMETABLE FOR IMPLEMENTATION**

- 9.1 The 2019/20 AGS covers the governance arrangements in place during the financial year to 31 March 2020. The timescales for addressing the identified governance issues identified are detailed within the Action Plan at Appendix A to the AGS.

## 10 APPENDICES

Appendix 1 - 2019/20 Annual Governance Statement with appended Corporate Action Plan

## 11 BACKGROUND DOCUMENTS

11.1 The Accounts and Audit Regulations 2015.

11.2 The Public Sector Internal Audit Standards (PSIAS) (March 2017)

## 12 CONSULTATION (MANDATORY)

Name of consultee	Post held	Date sent	Date returned
Cllr Johnson	Leader of the Council	2/6/20	4/6/20
Councillor Rayner	Deputy Leader of the Council, Resident and Leisure Services, HR, IT, Legal, Performance Management and Windsor	2/6/20	3/6/20
Cllr Hilton	Lead Member for Finance and Ascot	2/6/20	3/6/20
Duncan Sharkey	Managing Director	18/5/20	2/6/20
Russell O'Keefe	Director of Place	2/6/20	
Adele Taylor	Director of Resources/S151 Officer	18/5/20	2/6/20
Kevin McDaniel	Director of Children's Services	2/6/20	
Hilary Hall	Director Adults, Commissioning and Health	29/5/20	2/6/20
Elaine Browne	Head of Law	18/5/20	2/6/20
Mary Severin	Monitoring Officer	18/5/20	2/6/20
Nikki Craig	Head of HR, Corporate Projects and IT	18/5/20	2/6/20
David Scott	Head of Communities	29/5/20	2/6/20
Louisa Dean	Communications	2/5/20	

## REPORT HISTORY

Decision type:	Urgency item?	To follow item?
O&S Panel recommendation	No	No
Report Author: Karen Shepherd, Head of Governance, 01628 796529		

# Annual Governance Statement 2019/2020

## Scope of Responsibility

1. The Royal Borough of Windsor and Maidenhead ('the Council') is responsible for ensuring that its business is conducted in accordance with the law, proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
2. In discharging this duty, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions. These include arrangements for the management of risk.
3. The Council has published a Code of Corporate Governance which is in accordance with the CIPFA/SOLACE Framework – Delivering Good Governance in Local Government.
4. This Annual Governance Statement explains how the Council has complied with its Code of Corporate Governance and also meets the requirements of regulation 6(1)(b) of the Accounts and Audit Regulations 2015.

## The purpose of the governance framework

5. The governance framework comprises the systems, processes, culture and values by which the Council is managed and controlled. The framework also sets out how the Council accounts to, engages with and leads the community.
6. The governance framework enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and cost-effective services.
7. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives as an individual's failure to comply with policies and procedures, even when provided with comprehensive training on them, can never be entirely eliminated.
8. The system of internal control is based on an ongoing process designed to:

- (a) identify the risks to the achievement of the Council's policies, aims and objectives;
- (b) evaluate the likelihood and impact of the risks should they be realised; and
- (c) identify and implement measures to reduce the likelihood of the risks being realised and to manage them efficiently, effectively and economically.

## The governance framework

9. In 2016 CIPFA/SOLACE issued revised best practice guidance for Delivering Good Governance in Local Government. The framework sets out seven principles that should underpin the governance of each Local Authority. The following sections look at how the Council is held to account for these seven principles.

- Behave with Integrity
- Demonstrate Transparency and Accountability
- Engage with Stakeholders
- Develop Capacity, Capability and Leadership
- Define Outcomes
- Ensure Planned Outcomes are Achieved
- Manage Risks and Performance Effectively

### Behave with Integrity

#### The Constitution

The [Constitution](#) sets out the how the Council operates; the roles and responsibilities of Members, officers and the scrutiny and review of functions; how decisions are made and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people.

#### The Monitoring Officer

S5 Local Government and Housing Act 1989 requires that the Council must have a Monitoring Officer responsible for monitoring and reviewing the operation of the Constitution to ensure that its aims, policies and principles are given full effect. The Monitoring Officer is also responsible for matters relating to high standards of conduct of Councillors and is obliged to report on matters which amount to, or are likely to amount to, maladministration.

#### Section 151 Officer

Whilst all Council Members and Officers have a general financial responsibility, section 151 of the Local Government Act 1972 specifies that one officer in particular must be responsible for the financial administration of the organisation and that this Officer must be CCAB qualified. In the Royal Borough during 2019-20 the section 151 Officer was the Deputy Director and Head of Finance who reported to the Managing Director, until February 2020 when the Director of Resources was appointed as section 151 Officer.

### Codes of conduct

On joining the Council officers are provided with a contract outlining the terms and conditions of their appointment. All staff must sign a code of conduct and declare any financial interests, gifts or hospitality on a publicly available register. On becoming a Member of the Royal Borough, all Councillors are required to sign a declaration of acceptance of office which includes an undertaking to observe the code of conduct. All Members are required to maintain a publicly available up to date register of interests and declare any gifts or hospitality. Members and officers are required to comply with approved policies.

### Anti-fraud, bribery and corruption

The Council is committed to protecting any funds and property to which it has been entrusted and expects the highest standards of conduct from Members and officers regarding the administration of financial affairs. The Council's Anti-Fraud and Corruption Policy conforms to legislative requirements and sets out steps to minimise the risk of fraud, bribery, corruption and dishonesty and procedures for dealing with actual or expected fraud.

### Whistleblowing

The Council is committed to achieving the highest possible standards of openness and accountability in all its practices. The Council's Whistleblowing Policy (updated March 2019) sets out the options and associated procedures for Council staff to raise concerns about potentially illegal, unethical or immoral practice and summarises expectations around handling the matter.

## **Demonstrate Transparency and Accountability**

### Transparency

The Council and its decisions are open and accessible to the community, service users, partners and its staff. The Freedom of Information Act 2000 and the Environmental Information Regulations 2004 gives anyone the right to ask for any information held by the Council except where an exemption or exception can be lawfully applied to such information.

All reports requiring a decision must be considered by appropriately qualified legal and finance staff with expertise in the particular function area before they are progressed to the relevant committee/forum. The Council is committed to its equality responsibilities. To meet these responsibilities, equality impact assessments are undertaken where appropriate. EQIAs are a systematic way of taking equal opportunities into consideration when making a decision, and should be conducted when there is a new or reviewed strategy, policy, plan, project, service or procedure in order to determine whether there will likely be a detrimental and/or disproportionate impact on particular groups, including those within the workforce and customer/public groups.

The Action Plan for the 2018/19 AGS identified that better guidance, controls and instructions to officers were needed to ensure that all decision making complied with

the scheme of delegation in the Constitution. Guidance documentation on decision making has been revised and updated and issued to all members of the Corporate Leadership Team for wider dissemination. Training for key officers and Members on roles and responsibilities was scheduled for March/April 2020 but has been delayed due to the COVID-19 situation.

### Effective Scrutiny

The Local Government Act 2000 requires a local authority acting under Executive arrangements to have one or more Overview and Scrutiny Panels. The Council operates four Overview and Scrutiny Panels. These panels support the work of the Cabinet and the Council as a whole. They may make reports and recommendations which advise the Cabinet and the Council as a whole on its policies, budget and service delivery.

The Overview and Scrutiny Panels also monitor the decisions of the Cabinet. They can 'call-in' a decision which has been made by the Cabinet but not yet implemented. This enables the Panel to consider whether the decision is appropriate. It may recommend that the Cabinet reconsider the decision. The Panels may also be consulted by the Cabinet or the Council on forthcoming decisions and the development of policy. Details of the Council's Overview and Scrutiny Panels can be located [here](#).

## **Engage with Stakeholders**

### Engagement and communication

It is recognised that people need information about the decisions the Council has taken into account that impact the services they provide. The views of customers are at the heart of the Council's service delivery arrangements. The Council uses a number of methods to communicate the Council's objectives and achievements to local people, including:

- 'Around the Royal Borough' – a newsletter sent to all residents
- The Council Website
- Social Media including Facebook and Twitter
- The annual online Council Tax leaflet

The council also has a number of user forums, including Older People's Advisory Forum, and the Children in Care Council, which it uses to engage with residents, businesses and other stakeholders to enable them to inform the development and delivery of council services.

### Consultations

The Council has a dedicated [webpage](#) for consultations where details of current consultations can be located.

### Complaints

The Council operates a clear and transparent [policy](#) and procedure for dealing with complaints about the Council's services.

### Partnership working

Partnerships are about the Council coming together with the right organisations to deliver improved outcomes for local people. The Council is involved in many different partnerships at different levels, each with their own set of terms of reference for effective joint working which is set out in the Council's [Partnership Protocol](#).

## **Develop Capacity, Capability & Leadership**

### Recruitment and induction

The Council operates a robust interview and selection process to ensure that Officers are only appointed if they have the right levels of skills and experience to effectively fulfil their role. If working with children and/or vulnerable adults they will be subject to an enhanced Disclosure and Barring Service (DBS) check prior to appointment. New officers must attend an induction meeting, which provides information about how the organisation works and managers must complete an induction checklist. Newly elected Councillors are required to attend an induction which includes information on roles and responsibilities, political management and decision-making, financial management and processes, health and safety, information governance, data protection, the Members' Code of Conduct and safeguarding.

### Training and development

All Officers complete a number of mandatory e-learning courses on an annual basis including health and safety, equalities and diversity and information governance. Officers and Members have access to a range of IT, technical, soft skills and job specific training courses. Compulsory training is provided for Members who sit on the Licensing Panel, Appeals Panel and the Development Management Panels. The Council has developed an online 'Members' Hub' which is a dedicated area containing documents, news, training and forms. The hub can be accessed from Members' corporate iPads.

### Performance monitoring

All Officers receive regular one to ones with their Manager in order to monitor workload and performance. Opportunities are provided for identifying future training and development needs, and to track progress against objectives. The effectiveness of individual performance monitoring is tracked in a number of ways, including by asking staff about it as part of regular staff satisfaction surveys.

## **Define Outcomes**

### The Council Plan

The Council approved a four year plan in July 2017 through to March 2021, which informs individual area service plans. Together these documents help the Council focus on its six strategic objectives:

1. Healthy, skilled and independent residents

2. Safe and vibrant communities
3. An excellent customer experience
4. Growing economy, affordable housing
5. Attractive and well-connected borough
6. Well-managed resources delivering value for money

## **Ensure Planned Outcomes are Achieved**

### Performance management

The Council's performance management framework has 42 different measures aligned to the strategic objectives in the Council Plan 2017-21, 22 of which are key measures reported to Cabinet bi-annually. The Overview and Scrutiny Panels have oversight of the relevant key measures reported to Cabinet as well as a range of other performance measures relating to the Council's strategic priorities

## **Manage Risks and Performance Effectively**

### Risk management

The Council has a policy which sets out its approach to management of risk. This policy is located [here](#).

### Financial management

The s151 Officer is responsible for leading the promotion and delivery of good financial management so that public money is safeguarded at all times, ensuring that budgets are agreed in advance and are robust, that value for money is provided by council services, and that the finance function is fit for purpose. The s151 Officer advises on financial matters to both the Cabinet and full Council and should be actively involved in ensuring that the authority's strategic objectives are delivered sustainably in line with long term financial goals. The s151 Officer together with finance staff should ensure that new policies or service proposals are accompanied by a full financial appraisal which is properly costed, fully funded and identifies the key assumptions and financial risks that face the Council.

The s151 Officer has a statutory duty to report any unlawful financial activity or failure to set or maintain a balanced budget. The s151 Officer also has a number of statutory powers in order to allow this role to be carried out: e.g. Under Section 25 of the Local Government Act 2003 the S151 officer is required to state in the budget report their view on the robustness of estimates for the coming year, the medium-term financial strategy, and the adequacy of proposed reserves and balances. Under Section 114 of the Local Government Finance Act 1988 the chief financial officer has the power to issue a Section 114 notice (S114) if they judge that the council is unable to set or achieve a balanced budget.

The authority's financial management arrangements aspire to conform to the CIPFA Statement on The [role of the Chief Financial Officer](#) in local government (2016).

The Council has [Finance Procedure Rules](#) which are updated on a rolling basis. They set the framework on how the Council manages its financial arrangements and form part of the Council's Constitution. They also set the financial standards that will ensure consistency of approach and the controls needed to minimise risks.

## **Review of effectiveness**

1. The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control.
2. In 2019/20 this review was led by the Statutory Officers Group comprising the Managing Director, Monitoring Officer, s151 Officer, Head of Legal and Head of Governance, with input from other officers as relevant. The review was informed by the work of:
  - The Managing Director, Directors and Monitoring Officer who have responsibility for the development and maintenance of the governance environment. This was through a process of consulting on a draft Annual Governance Statement.
  - The Chief Internal Auditor's annual report and opinion, and by comments made by the external auditors and other review agencies and inspectorates.
  - Deloitte, the Council's external auditor.
  - The Council's Section 151 Officer who has statutory responsibility for ensuring the proper management of the Council's financial affairs.
  - The Council's Overview & Scrutiny Panels.
  - The CIPFA review of Financial Governance undertaken in July 2019
3. The Statutory Officers Group meets regularly to discuss corporate governance arrangements and issues, and to reflect on recurring themes and spheres of activity relating to Council improvement. The Group has reviewed and updated the Local Code of Corporate Governance to ensure it reflects the 2016 CIPFA/SOLACE guidance in respect of delivering good governance. The revised document was published following review by the Corporate Overview and Scrutiny Panel on 27 May 2020.
4. Progress was made in year in delivering council priorities, despite the range of governance issues highlighted below from paragraphs 5-13 that set out the main governance issues. There were significant improvements made in Children's Services with the service securing a 'Good' rating from OFSTED after a previous 'requires improvement' judgement. A fundamental review and re-establishment of the housing service has seen significant improvements in performance and practice. Work to transform the adult social care functions commenced in year and has seen significant improvements in practice and process. A new waste contract was successfully deployed with minimal impact on public satisfaction. Services with good performance such as the Revenues and Benefits service continued to achieve high standards. Customer satisfaction overall remained very high driven by great work from many teams. The Royal Borough has become a key player in the Frimley Health and Care Integrated Care System and is leading the work to develop the borough as "place" within the system through the establishment of a 'connected leaders group.'

Progress has also been made in relation to the council's approach to tackling climate change; a Member Working Group was established to develop a strategy which will be considered by full Council in June 2020.

## **Governance Issues**

5. The Monitoring Officer is a resource provided by Shared Legal Services (SLS), a partnership between Wokingham Borough Council and the Royal Borough. The Royal Borough's Monitoring Officer is not the same person as the Wokingham Monitoring Officer. During 2018-19 the Monitoring Officer role was undertaken part-time (0.3 fte). The majority of this time was taken up with directly dealing with Code of Conduct complaints and as such the Monitoring Officer had little time for wider governance work. The Head of Governance has been acting as Deputy Monitoring Officer since April 2018, together with the Head of Law who has also been acting as Deputy Monitoring Officer since September 2019. As a result of the 18/19 Action Plan the capacity of the Monitoring Officer has been increased to four days per week.
6. During the financial year 2019/20 the Council overspent its revenue budget by £4.2m. Of this overspend £1.8m related directly to COVID-19 additional expenditure and loss of income. Central government provided funding that covered the in-year costs of COVID-19 so that the overspend reduced to £2.4m. This was funded by using general fund reserves. A number of ongoing budget pressures were identified in year and these were rectified when setting the budget for 2020/21 including setting demographic contingency budgets for social care. It will be important during 2020/21 to assess both the short and immediate impacts of COVID-19 on the resources of the Council as well as the potential medium to long-term impacts for the future.
7. The capital expenditure for the financial year was £68.8m which was funded by £12.2m of external funding. £32.6m of capital expenditure was slipped into future financial years, of which a significant proportion was identified in the last two months of the year. Some of these schemes were impacted by the impact of COVID-19, particularly in the supply chain for some of our contractors but there is still a significant amount that was not related to this. For 2020/21 a new officer Capital Review Board is being instigated to provide more oversight and challenge around the capital programme as well as consider the councils capital strategy.
8. Efforts have been made to address a culture within the organisation which did not encourage people to speak out or properly exercise their roles as advisors. This included officer advice not being available to all Members as part of the decision-making process. Guidance documentation on decision making has been revised and updated and issued to all members of the Corporate Leadership Team for wider dissemination. Training for key officers and Members on roles and responsibilities had been arranged for March/April 2020 but has been delayed due to the COVID-19 situation.
9. Training for all budget holders on financial processes of compliance for approving spend and monitoring have been held; further training will be provided throughout the financial year on relevant topics to ensure that financial best practice is core to the way the organisation operate
10. A new management structure has been in place since 1<sup>st</sup> October 2019, which provided stability after the restructure of 2018 was not completed. This management

structure has added some additional capacity to the organisation but should not be seen as resolving the governance problems in full.

11. With ongoing work to establish the IT strategy and implementation plan for all required projects identified over the next 24 months, significant investment in resources in IT during 2019/20 has made a start in reducing the concerns about the IT infrastructure. An example being the successful implementation of modern workplace phase one. However, until all projects identified, including telephony solutions, hardware replacement and accessing the corporate network remotely are delivered, concerns will remain as it will impact on the Council's ability to secure public services network (PSN) compliance.
12. In relation to GDPR, link officers identified for each service area have been provided with initial guidance and training and tasked with reviewing and updating their service area Information Asset Register (IAR) and Register of Processing Activity (RoPA) by the end of June 2020. Once this has been achieved by all service areas, monitoring will need to continue to ensure ongoing reviews of the key documents are undertaken and that they remain up to date. The Deputy Data Protection Officer obtained her Data Protection Practitioner Certificate in September 2019.
13. Business Continuity training and workshops took place between September – December 2019. Each service has completed a business impact assessment and rated the priority of their services that are required to keep functioning, dependent on timing and what the 'event' is. The next step will be to update Business Continuity Plans to take into account the impact of COVID-19, emergency response and the council's recovery plans.

## **CONCLUSION**

14. The Council has many elements of a good governance system in place. It is important that over the coming years efforts are made to further develop the culture of the organisation to operate these systems consistently. In the immediate term, efforts must be made to ensure improved compliance with financial procedures, rules and improved budget management and reporting following training and updated guidance being issued. There are clear signs of improvement in culture over the previous years, but cultural change is a long-term process and there will be further issues as we continue our journey.
15. As the responsible Members and Officers, we have been advised on the implications of the results of the governance framework effectiveness review by the Corporate Overview and Scrutiny Panel. Apart from the specific issues mentioned above, particularly in points 5 – 13, and taken with the proposed actions set out in the action plan below, we conclude that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

Chairman, Corporate Overview and Scrutiny Panel      Date:

Duncan Sharkey  
Managing Director

Signed:  
Date:

Cllr Andrew Johnson  
Leader of the Council

Signed:  
Date:

**Appendix A: Annual Governance Statement Action Plan 2019/20**

	Area for Improvement	Actions	Owner (see key at end)	Timescale	Progress Update	Improvement outcome
AGS 20.1	There is an identified lack of clarity amongst officers and Members regarding roles and responsibilities, this includes knowledge of appropriate procedures	Training for key officers and Members on their responsibilities - <i>Training for senior officers and Cabinet Members on roles and responsibilities had been scheduled for April 2020; this has been deferred due to the COVID-19 situation.</i>	MO/MD	September 2020		Improved understanding and compliance with governance processes. Clarity over roles of Members and officers, particularly in respect of reporting and decision making.
AGS 20.2	Staff reductions have placed a new level of work pressure on particular departments. Whilst there are signs that morale related to working for the Council has improved, we still need to work hard on giving staff a clearer sense of our direction of travel.	Ensure clarity of vision and purpose for the organisation. Develop one team approach. - <i>Focus groups with all members of staff were held between December 2019-February 2020. A draft set of values was developed out of the feedback and presented to officers in May 2020. A report will be submitted to full Council in July 2020 for approval.</i>	MD/CLT	July 2020	.	Staff have clarity over the vision and purpose of the organisation

	<b>Area for Improvement</b>	<b>Actions</b>	<b>Owner (see key at end)</b>	<b>Timescale</b>	<b>Progress Update</b>	<b>Improvement outcome</b>
AGS 20.3	Lack of robustness of challenge re business cases/benefits – consistency of business cases; follow up re benefits realisation	Finance team to instigate more robust challenge on business case and benefits and follow-up re. benefits realisation	S151	Ongoing		Achievement of business case proposed outcomes
AGS 20.4	Business Continuity Plans for all service areas need to be updated to reflect the impact of COVID-19	All service areas to review their BCP in light of COVID-19 / emergency response and recovery plans	All Heads of Service	September-December 2020	.	All areas of the Council have appropriate, up to date BCPs in place accompanied by a robust activation mechanism, reflecting the recent impact of COVID-19 and recovery plans.

AGS 20.5	<p>Organisational capacity in key areas</p> <p>Over a number of years capacity within the Council has been reduced, presumably to reduce costs. This has focused on 'back office' functions but this has left the organization under capacity and capability in a significant number of areas. Many of these weaknesses are reflected in this AGS. As could be expected reducing capacity and capability has led to poorer outcomes and compliance problems.</p>	<p>Develop a programme to improve capacity to ensure all areas have the optimal capacity and capability, balanced with financial constraints in place</p>	<p>Managing Director</p>	<p>October 2020</p>		<p>Improved compliance with regulation and policy.</p> <p>Improved morale as less pressure on the current workforce to fill capacity gaps.</p>
----------	--	---	--------------------------	---------------------	--	--

AGS 20.6	Contract management – lack of a central register, lack of oversight due to self-service arrangements, lack of understanding of role and responsibilities by contract managers	<ol style="list-style-type: none"> <li>1. Creation of a corporate contracts register</li> <li>2. Clarity on the roles and responsibilities of contract managers; training for relevant officers</li> </ol>	Director of Adults, Health and Commissioning	September 2020		<p>Clear corporate understanding of what key contracts are in place.</p> <p>Improved oversight of key contracts</p> <p>Clear understanding of roles and responsibilities.</p>
----------	---	--	--	----------------	--	---

AGS 20.7	Procurement	<ol style="list-style-type: none"> <li>1. Training for all relevant officers on procurement policy, processes, legislation and rules in the constitution</li> <li>2. Work with Optalis and AfC to ensure that commissioning lead the procurement of placements, in order to ensure clear processes and gateways and appropriate checks and balances in all procurement decisions</li> <li>3. Correct application of waiver rules OR amended waiver rules to ensure sufficient flexibility</li> <li>4. Better use of a wider range of procurement options</li> <li>5. Use of Purchase Orders in all relevant cases</li> </ol>	Director of Adults, Health and Commissioning	September 2020		Clear understanding of roles and responsibilities and process
----------	-------------	--	--	----------------	--	---

AGS 20.8	Decision making – report quality varies and can lead to a lack of clarity over decisions taken; absence of sign off from statutory officers, lack of understanding of appropriate use of officer decision notice	<ol style="list-style-type: none"> <li>1. Training for officers on report quality</li> <li>2. Appropriate use of officer decision notices</li> <li>3. All decision-making reports receive sign off from S151 and Monitoring Officer before publication</li> </ol>	MO/S151/ Head of Governance	<p>October 2020</p> <p>Immediate, ongoing</p> <p>Immediate, ongoing</p>		Improved consistency in report quality in conjunction with sign off by all appropriate officers
----------	--	---	-----------------------------------	---	--	---

AGS 20.9	<p>Values and Behaviours</p> <p>Continuing the progress of improving the culture of the organisation and ensuring compliance with relevant procedures and ethical standards</p>	<ol style="list-style-type: none"> <li>1. Clear articulation of the Values and behaviours expected of Officers and Members including the mechanism for reporting concerns.</li> <li>2. Refresh the appraisal system in line with the new Values</li> <li>3. Raise the visibility of the whistleblowing process and ensure data (anonymised) is available to demonstrate the use of the this or other ways of raising concerns</li> </ol>	Head of HR, CP and IT	March 2021		<p>Clear demonstration by all of improved behaviours and improved scoring in staff surveys around culture.</p> <p>Improved knowledge of whistleblowing procedures and outcomes.</p>
----------	---	--	-----------------------	------------	--	---

AGS 20.10	Failure to deliver projects for improvements in IT infrastructure impacting PSN compliance which would result in detrimental impact on services including Registrars, Electoral and Revenues and Benefits.	<ol style="list-style-type: none"> <li>1. Deliver modern workplace phase 2</li> <li>2. Remove out of date devices from the corporate network</li> <li>3. Identify and implement solution for MWP laptops to securely connect to corporate network</li> <li>4. Utilising external partner, identify solution for and agree implementation plan to reduce necessity for on-site servers.</li> </ol>	Head of HR, CP and IT	March 2021		All employees benefitting from improved technology and infrastructure with PSN compliance risk reduced.
--------------	--	---	-----------------------	------------	--	---

<p>AGS 20.11</p>	<p>Pension Fund Governance</p> <p>The Authority has not had sufficient understanding of its role in managing the Pension Fund and has not been as proactive as is needed.</p> <p>The Pension Fund has not had sufficient capacity and experience to ensure good governance</p>	<ol style="list-style-type: none"> <li>1. Interim resource has been employed to develop an action plan to address issues raised in the 2018/19 external audit including reviewing governance arrangements to ensure they meet best practice.</li> <li>2. Permanent resources to support the pension fund need to be considered as part of the governance review.</li> </ol>	<p>S151</p>	<p>September 2020</p>		<p>Best practice governance arrangements in place for the Pension fund to support sound decision-making.</p>
----------------------	--	---	-------------	-----------------------	--	--

AGS 20.12	Financial Governance  Detailed CIPFA review due to be considered at July Overview and Scrutiny committee. An action plan will be developed to address any areas of weakness that are identified	<ol style="list-style-type: none"><li>1. Action Plan to be identified with clear deadlines and timescales for delivery once CIPFA report has been considered</li><li>2. Appropriate resources identified to ensure action plan is completed</li></ol>	MD/S151	September 2020		To ensure that financial governance adheres to best practice and supports sound decision making
--------------	---	---	---------	-------------------	--	---