

Agenda item:

Title of meeting: Governance and Audit and Standards Committee
Date of meeting: Thursday 30 January 2014
Subject: Progress on actions to address the 2012/13 significant governance issues and review of the internal corporate governance controls
Report From: Jon Bell, Head of HR, Legal and Performance
Report By: Megan Southcott, Strategy Adviser, Strategy Unit
Wards Affected: None
Key Decision (over £250K) No

1. Purpose of Report

1.1. The purpose of this report is to:

- a) Update the Governance and Audit and Standards Committee on the actions relating to the 2012/13 Annual Governance Statement.
- b) Inform Members of steps taken to review the current internal corporate governance controls and put forward a set of revised controls for 2014.

2. Recommendations

2.1. It is recommended that the Governance and Audit and Standards Committee:

- a) Note the progress made in addressing the significant governance issues highlighted in the 2012/13 Annual Governance Statement.
- b) Approve the new internal corporate governance controls.

3. Progress Against the 2012/13 Annual Governance Issues

3.1. The Authority has a duty to produce and publish an Annual Governance Statement in accordance with the Accounts and Audit (England) Regulations 2011. The 2012/13 Annual Governance Statement was approved by the Governance and Audit and Standards Committee on 26 September 2013 and formally signed off by the Leader of the Council and the Chief Executive.

3.2. The Annual Governance Statement sets out 29 significant governance issues. The Governance and Audit and Standards Committee have requested regular progress updates on the actions to address these issues.

3.3. Progress has been made in tackling the significant governance issues. A summary of progress can be found in **Appendix A**.

3.4. Progress will continue to be reported to the committee on a regular basis. It will also be monitored by the Corporate Governance Group on a quarterly basis.

4. Review of the Internal Corporate Governance Controls

- 4.1. The corporate governance framework was reviewed between June-September 2012. The review showed that there were a number of barriers preventing the framework from being effective. Specifically, evidence suggested that services do not have the time or resource to monitor and report on compliance against a large number of governance controls, which significantly heightens the risk of breaches in critical areas. On the 14 November 2012, the Strategic Directors Board (SDB) accepted that this was an issue, and agreed to focus on a smaller number of high priority controls. Nine controls were deemed highest priority.
- 4.2. The nine current high priority controls were discussed at the Corporate Governance Group on 3 December. Initial thoughts indicated that the current priorities and associated controls are still relevant. However, it was agreed that the controls should be reviewed in more detail by SDB to ensure they:
- are the most critical to meeting the council's business needs and addressing possible areas of exposure or vulnerability (*in order to minimise the risk of non-compliance, legal implications and reputational damage*);
 - focus on addressing the council's most significant governance issues
 - support each of the 6 CIPFA/SOLACE good governance principles;
 - support the corporate guiding principles.
- 4.3. It was also agreed that the previous, more extensive list of controls, would be re-visited to see if any are more pertinent to the governance challenges we face.
- 4.4. SDB reviewed the controls on 8 January 2014 and consensus was that the current controls are still relevant in terms of meeting the council's business needs/addressing known weaknesses. However, it has been necessary to amend the wording to reflect current policy/legislation (see table below). A detailed summary of the controls, compliance measures, monitoring arrangements and tools can be found in **Appendix B**.

1	All services have a business plan that reflects the vision of the authority; meets a minimum set of standards; is actively managed; and is refreshed and published annually
2	Risk is regularly reviewed and tangible mitigation measures are in place and regularly tested.
3	All posts that fall within the legislation must be checked in line with the Disclosure and Barring service guidelines.
4	All staff must adhere to the clear desk and clear screen policy wherever they are working and ensure that sensitive/personal information is appropriately secured when travelling to/from work.
5	The Council understands its legal equalities duties, and embed them as part of service projects and plans.
6	All services have business continuity plans in place that are regularly tested and reviewed.
7	Complaints are responded to within a timely manner, causes addressed, and outcomes recorded
8	100% of staff are given good quality PDRs and any actions resulting from the PDR must be completed within agreed timescales.
9	100% of staff complete the code of code of conduct form on joining the Council and notify managers if there are any changes.

- 4.5. When reviewing the relationship between CIPFA/SOLACE good governance principles and the existing controls it became clear that the following 2 principles were not supported by the current controls:
- We engage with local people and other stakeholders to ensure robust public accountability and;
 - We develop the capacity and capability of members and officers to be effective.
- 4.6. Similarly, when reviewing the relationship between the council's corporate guiding principles and the existing controls, the following principle was not supported by the current controls:
- Support councillors as strategic leaders
- 4.7. When looking at the previous list of controls, it became apparent that the majority were either explicit in the constitution or strengthened by the existing controls, with the exception of the following:
- Do you have a community engagement plan? What methods do you use to engage with users?
 - Services with buildings are reducing their carbon emissions in line with corporate target.
- 4.8. The Governance and Audit and Standards Committee are asked to confirm if, in the light of assurance they receive from other sources (e.g. Internal Audit reports, external audit reports, and sources such as the corporate risk register and performance reports) they are comfortable that the current controls do not strengthen the governance arrangements around:
- Supporting councillors as strategic leaders
 - Effectively engaging with local people and other stakeholders
 - Managing energy usage to ensure efficiency
- 4.9. If the Governance and Audit and Standards Committee are not comfortable on this basis, it would be helpful if members could consider how they would want to see the issue controlled.
- 4.10. It is worth noting that the 2013 Corporate Peer Challenge highlighted that member training and political development is not systematic nor sufficiently championed and would benefit from more robust succession planning. The peer challenge team also noted that there is scope to improve the council's relationship with the Voluntary and Community Sector. These have been flagged in the 2012/13 Annual Governance Statement.
- 4.11. The controls will need to be finalised by the end of February 2014, at which point service heads will be asked to complete the annual internal control questionnaires (supported by a good governance guide), to assess compliance with the controls. It is expected that they will be monitored by strategic directors. The returns will be cross-referenced with quarterly performance reports and risk reports to ensure that a consistent picture is built.

5. Equality Impact Assessment (EIA)

- 5.1. An equality impact assessment is not required as the recommendations do not have a negative impact on any of the protected characteristics as described in the Equality Act 2010. If any equalities issues are identified when monitoring compliance with the internal corporate governance controls they should be further explored via completion of individual equality impact assessments.

6. Legal Implications

- 6.1. Legal considerations have been taken into account in the preparation of this report and where appropriate embodied within it.

7. Head of Finance Comments

- 7.1. There are no financial implications arising from the recommendations in this report.

Signed by: Jon Bell
 Head of HR, Legal and Performance

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Appendices:

Appendix A	Progress on actions to address to significant governance issues
Appendix B	Internal corporate governance controls for 2014

Background list of documents: Section 100D of the Local Government Act 1972
 The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
Annual Governance Statement 2012/13	Strategy Unit
Good Governance Guidance	Strategy Unit