

AUDIT COMMITTEE

3 DECEMBER 2015

ANNUAL GOVERNANCE STATEMENT MONITORING UPDATE

REPORT OF CORPORATE GOVERNANCE GROUP

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RECENT REFERENCES:

[AUD117](#) Corporate Governance Report and Annual Governance Statement  
2014/15, 22 June 2015

[AUD127](#) Annual Governance Statement 2014/15, 24 September 2015

EXECUTIVE SUMMARY:

This Committee agreed the emerging issues in the 2014/15 Annual Governance Statement at its meeting on 24 September 2015.

This Report provides an update on the progress that has been made to date against the issues that are included in the Annual Governance Statement.

RECOMMENDATION:

1. That the Committee raises with the relevant Portfolio Holder any issues arising from the information in this report and considers whether any items of significance need to be drawn to the attention of Cabinet.

## AUDIT COMMITTEE

3 December 2015

### ANNUAL GOVERNANCE STATEMENT MONITORING UPDATE

#### REPORT OF CORPORATE GOVERNANCE GROUP

#### DETAIL:

##### 1. Introduction

1.1 At its meeting on 24 September 2015, this Committee agreed the issues that are included in the 2014/15 Annual Governance Statement (AGS).

1.2 These issues have been identified as having a significant impact in 2015/16 and/or future years and as such are included in the Annual Governance Statement.

1.3 This Report provides an update on the progress achieved to address the issues identified in the AGS.

##### 2. Monitoring Report

2.1 Appendix 1 provides an update on the progress that has been achieved so far this year in addressing the issues identified in the Council's Annual Governance Statement.

#### OTHER CONSIDERATIONS:

##### 3. COMMUNITY STRATEGY AND PORTFOLIO PLANS (RELEVANCE TO):

3.1 Good Corporate Governance supports the achievement of the objectives of the Community Strategy and Portfolio Plans.

##### 4. RESOURCE IMPLICATIONS:

4.1 There are no direct resource implications.

##### 5. RISK MANAGEMENT ISSUES

5.1 The effectiveness of Corporate Governance within the Council is a principal element to the organisation's objective to be an efficient and effective Council and community leader. The efficacy of the governance arrangements directly affects the Council's ability to deliver its contributions to the objectives within the Community Strategy and Portfolio Plans.

5.2 To this end, the actions and controls in implementing Corporate Governance is a key control and in the Council's arrangements to managing all its risks.

BACKGROUND DOCUMENTS:

Annual Governance Statement 2014/15.

Risk Management Policy 2015

APPENDICES:

Appendix 1 – Annual Governance Statement – update on progress

**ANNUAL GOVERNANCE STATEMENT**

Progress monitoring report – November 2015

<b>Issue</b>	<b>Action to be taken</b>	<b>Progress / Comments</b>
Asset Management	Maintain an up to date Asset Management Plan and ensure that financial aspects of the Council's fixed assets are appropriately incorporated into the financial planning process, taking account the possible impact of the current economic situation and of opportunities to encourage regeneration through the use of the Council's property portfolio.	<p><i>There are some significant asset management issues with River Park Leisure Centre and the Council's own Offices in Colebrook Street. These are actively being monitored and considered as part of Corporate projects.</i></p> <p><i>The Council completed the purchase from the County Council of land near the Winchester station which together with the adjacent City Council car park will provide an opportunity for a major redevelopment upon which public consultation is underway. A competition to select an architect has commenced.</i></p> <p><i>A scheme for a Creative Enterprise Centre in Winchester is being progressed which will also include facilities for the Street Care and Pest Control Teams and Council Storage Facilities.</i></p> <p><i>The updated Asset Management Plan will be brought forward in Spring 2016; in the meantime, annual updates are prepared which reflect the recent decisions on the Council's programme of major projects. The annual review of the Capital Strategy and Programme reflects these updates to the AMP.</i></p> <p><i>The uncertainty over future options for Silver Hill and the Council's properties within this area may have significant impact upon the asset plan and the extent to which other major schemes can progress, until that uncertainty is removed.</i></p>

Issue	Action to be taken	Progress / Comments
Setting and achieving priorities within the context of reducing resources for local government.	<p>Continued improvement in consultation on Council priorities/budget, and of links between corporate planning, and Medium Term Financial Strategy. The Finance and Organisational Development Portfolio Plan for 2014/15 sets out the key actions which include:</p> <ul style="list-style-type: none"> <li>-Strengthen the financial resilience of the Council by building further on the principles established in the Asset Management Plan;</li> <li>-Develop a savings and income plan to balance the medium term forecast deficit position; and</li> <li>- Develop the Council's Treasury Management Strategy to support the Council's increased capital spending requirements, with an acceptable level of risk.</li> </ul>	<p><i>The 2015 Medium Term Financial Strategy approved by Cabinet in October reflects the Council's Capital Strategy and capital programme including the Asset Management Plan. The Cabinet in October also approved Revised Capital and Revenue budgets, also updated to reflect the Silver Hill position.</i></p> <p><i>The Council's Corporate Risks were considered by Audit Committee in September and the consequential financial exposure and mitigation is being considered as part of the Budget setting process.</i></p> <p><i>The budget is being considered in the context of the Community Strategy and alongside draft Portfolio Plans.</i></p> <p><i>The Treasury Management Strategy will be developed to support the Council's plans.</i></p>
Partnership arrangements	<p>Continue to develop partnership arrangements where there is an efficiency or improvement led case for doing so.</p>	<p><i>A number of delivery partnerships are in place to help realise priority outcomes, for example the Community Safety Partnership, Health &amp; Wellbeing Partnership, and Housing Forum.</i></p> <p><i>The Council continues to develop a range of partnership and shared services projects including:</i></p> <ul style="list-style-type: none"> <li>- Housing services</li> <li>- Fully Integrated Merger of Museums services – Cultural Trust handover occurred on 1 November 2014.</li> </ul> <p><i>Shared services already in place include IT, Environmental Services, Internal Audit, Treasury Management Services and Learning and Development.</i></p>

Issue	Action to be taken	Progress / Comments
Capacity	<p>Ensure capacity to deliver priorities.</p> <p>More effective use of officer capacity through agile working.</p> <p>Effective Flexible Resource Management to achieve target savings.</p> <p>Developing a robust approach to Programme Management.</p>	<p><i>A framework has been established to monitor progress and manage resources in relation to the effective delivery of corporate projects. This comprises of monthly meetings with Cabinet Members, the Programme Management Group and the Performance Management Team. The use of project teams supported by the Major Project's team utilising resources from across the Council and utilising external resources/ expertise as required has helped to support the delivery of major corporate projects. Local Partnerships were engaged to support a review of how our approach to programme management can further be improved. . The findings of this review and progress against action to address them was reported to the first meeting of Cabinet (Major Projects) Committee, which also received an update on the Council's Programme.</i></p> <p><i>The uncertainty over future options for Silver Hill may have significant impact upon the extent to which other major schemes can progress, until that uncertainty is removed.</i></p> <p><i>The 1-team approach to staff deployment continues to assist with directing staff resource to priority areas.</i></p> <p><i>The Project Office has also submitted a growth bid for the 2016/17 budget which seeks to provide for ongoing support to the Council's major projects where temporary resource is currently in place. The growth bid also seeks to create a resource which can be used flexibly to provide additional resource within support service areas to balance the demands of major project work with providing an ongoing service to other teams.</i></p> <p><i>A review of the structure of the Financial Services team is currently been considered by Members.</i></p> <p><i>Additional resources have been agreed in the Legal and Estates teams to support these priorities.</i></p> <p><i>A revised Workforce Plan and People Strategy are currently being developed and will be reported to Personnel Committee later in 2016.</i></p>

Issue	Action to be taken	Progress / Comments
Silver Hill	To work with the Council's development partner Henderson to progress the scheme.	<p><i>At their meetings in July 2015 Council and Cabinet gave careful consideration to the issues relating to the Silver Hill development. Members agreed to progress with the Silver Hill scheme on the basis of reverting to the approved 2009 design with which the developer was willing to proceed. In accordance with those resolutions work is now progressing to enable the outstanding conditions to be met and for the scheme to become 'unconditional', following which the CPO will be utilised as necessary to assemble land.</i></p> <p><i>The possibility of legal challenge to this process remains significant based on the public statements of objectors.</i></p> <p><i>Cabinet will be updated on the current position on 2 December 2015.</i></p>
Changes to Governance Arrangements	To input into the Local Government Boundary Commission review to reflect the Council's aspiration for its future governance arrangements and to continue to implement the Council's own improvements to its decision making arrangements	<p><i>Following the outcome of the Boundary Commission's review, the Council will need to make decisions on how to adapt its own Governance arrangements for 2016 onwards and The Overview and Scrutiny Committee has asked for a review of scrutiny arrangements. Consideration will also be given as to whether a Community Governance Review is needed for any consequential impact upon parishes of the Commission's decisions.</i></p> <p><i>That will need to be considered when the LGBC County Review is completed in June 2016.</i></p>

<b>Issue</b>	<b>Action to be taken</b>	<b>Progress / Comments</b>
Performance and Risk Management	Respond appropriately to recommendations included in recent Internal Audit report on Performance and Risk Management.	<p><i>Draft Portfolio Plans for 2016/17 will be reported to Cabinet on 2 December before consideration by The Overview and Scrutiny Committee on 7 December. Stakeholders will then be consulted on the plans before adoption by Council in January 2016.</i></p> <p><i>Work is underway for the development of Service Plans for 2016/17 by Heads of Teams which will include significant actions for the coming year, a small suite of performance indicators and details of major operational risks to ensure that key governance elements are considered on a consistent basis.</i></p> <p><i>The Council's updated Risk Management Policy was approved by Cabinet in June and includes a revised register of corporate risks for the Council.</i></p> <p><i>An improved format for the presentation of corporate risks has been introduced and a monitoring report is included elsewhere on this Committee's agenda.</i></p>



Issue	Action to be taken	Progress / Comments
Recruitment and Retention	Analyse the workforce profile and monitor trends to develop a revised Workforce Strategy and detailed plans to ensure that the Council has the right people with the right skills at the right time.	<p><i>A revised framework for workforce planning has been developed. Workforce profiling data for the Council has been prepared which highlights potential key issues within each function and at a corporate level. Detailed action plans for each area will be worked on with Managers and HR Business Partners and the Performance Management Team to ensure that workforce priorities at both a local and corporate level are met over the next five year period.</i></p> <p><i>Work is continuing in conjunction with a significant number of Hampshire Councils to develop a co ordinated approach to pay policy. Investigation with the National Negotiating Bodies and the Local Government Association has helped to define the work that needs to be covered locally. It has enabled the authorities to put forward at a National Level what is required by authorities and clarify what will not be dealt with in the near future at a National Level.</i></p> <p><i>Work has been completed on the Council's position in the pay market in conjunction with other pay and non pay benefits that are being offered. Further work is being undertaken looking at other pay mechanisms. The Council grading structure and the use of job family groups is being worked on with other districts. The Job evaluation scheme including local conventions used alongside the national scheme will be reviewed and compared with other Job Evaluation Schemes that are available.</i></p> <p><i>A detailed report will be brought forward setting out options and a detailed action plan initially to Corporate Management, the Leader and Portfolio Holder followed by wider consultation.</i></p>

Issue	Action to be taken	Progress / Comments
Consultation and engagement	Seek to embed best practice of consultation and engagement across all areas of the Council including engaging with residents to aid their input into the Council's major projects.	<p><i>Programme and project management arrangements implemented over the last year will provide reassurance that communication is embedded in each project plan and project management training to be delivered to key staff in Spring 2015 will support this.</i></p> <p><i>Consultation methods and approaches are being reviewed to take into account best practice depending upon the type and nature of the project.</i></p> <p><i>The Station Approach consultation carried out in May 2015 was undertaken to reflect this approach of engaging early in the process with residents and stakeholders.</i></p> <p><i>New software ('Citizenspace') has been procured to improve coordination of the Council's consultations and to ensure that a consistent approach is taken to informing residents of consultation opportunities and to feeding back the results.</i></p>
River Park Leisure Centre	Decision on way forward to be sought from Members – Autumn 2015	<p><i>Cabinet has agreed to a Public Consultation on agreed options to be undertaken.</i></p> <p><i>Further technical work required is being undertaken and discussions with key stakeholders are ongoing.</i></p>
City Offices	Decision on way forward to be sought from Members – Autumn 2015	<p><i>Technical work is being undertaken to inform future decisions on improvements to City Offices.</i></p>
Procurement and Contract Management	Cabinet to consider, with advice from Audit Committee and The Overview and Scrutiny Committee, improvements to procurement and contract management – Autumn 2015.	<p><i>Cabinet and other Committees to consider report from Independent Reviewer on Silver Hill, alongside other advice on programme management, procurement and contract management. Detailed recommendations will follow from recommendations which are accepted.</i></p>