

AUDIT COMMITTEE

10 MARCH 2016

ANNUAL GOVERNANCE STATEMENT MONITORING UPDATE

REPORT OF CORPORATE GOVERNANCE GROUP

Contact Officer: Simon Howson, Tel No. (01962) 848 104

Email: showson@winchester.gov.uk

RECENT REFERENCES:

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

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

[AUD134](#) Annual Governance Statement Update, 3 December 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 COMMITTEE10 March 2016ANNUAL GOVERNANCE STATEMENT MONITORING UPDATEREPORT OF CORPORATE GOVERNANCE GROUPDETAIL: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.

3 Independent Review of Silver Hill

3.1 Since Committee last considered the AGS the Council has received the report from the independent reviewer tasked with considering its actions in respect of Silver Hill. Audit Committee considered the review's recommendations on 10 February, and in particular decided it wished to lead in reviewing matters of governance. Cabinet also considered how the review's recommendations should be taken forward on 17 February. Comments from Cabinet on actions proposed are reflected in Appendix 1.

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 – February 2016

Issue	Action to be taken	Progress / Comments
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 and, following public consultation, 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 consequences of the termination of the Silver Hill Development Agreement on the asset plan and other major schemes will be considered by the Cabinet in March.</i></p>

Issue	Action to be taken	Progress / Comments
Setting and achieving priorities within the context of reducing resources for local government.	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: -Strengthen the financial resilience of the Council by building further on the principles established in the Asset Management Plan; -Develop a savings and income plan to balance the medium term forecast deficit position; and - Develop the Council's Treasury Management Strategy to support the Council's increased capital spending requirements, with an acceptable level of risk.	<p><i>The Budget for 2016/17 reflects the Council's Portfolio Plans, and Asset Management Plan. It also includes a financial risk assessment of the Council's Corporate Risk Register.</i></p> <p><i>Savings and income plans will be developed during Summer 2016, in line with Central Government's requirements for Efficiency Plans in order to apply for 4 year settlement figures.</i></p> <p><i>The Treasury Management Strategy reflects the Council's plans.</i></p>
Partnership arrangements	Continue to develop partnership arrangements where there is an efficiency or improvement led case for doing so.	<p><i>A number of delivery partnerships are in place to help realise priority outcomes, for example the Community Safety Partnership, Health & 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"> <i>- Housing services</i> <i>- Fully Integrated Merger of Museums services – Cultural Trust handover occurred on 1 November 2014.</i> <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>The consideration of future options for Silver Hill may have significant impact upon the extent to which other major schemes can progress.</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 are implementing the recommendations of the Local Partnerships review of project and programme management, which will assist in managing limited capacity to best effect. They are designed to ensure better co-ordination between Teams.</i></p> <p><i>The Project Office Budget has been increased in the 2016/17 budget to provide for ongoing support to the Council's major projects where temporary resource is currently in place. The budget growth also makes allowance 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>An initial review of the structure of the Financial Services team has been completed and is in the process of being implemented. Further areas for future review have been identified (Procurement and Budgets & Strategy).</i></p> <p><i>Additional resources have been agreed in the Legal and Estates teams to support these priorities.</i></p> <p><i>The Corporate Management Team has been restructured.</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 meeting on 10 February 2016 Cabinet instructed Officers to issue a Notice of Termination to SilverHill Winchester No.1. That has resulted in a pre-action protocol letter from SW1's Solicitors concerning a proposed claim for Judicial Review of that decision. Advice is being sought before Cabinet decide how to respond.</i></p> <p><i>The Leader has announced that Cabinet on 29 March will begin to consider options for taking forward the regeneration of the Silver Hill site.</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>The Boundary Commission's review will take effect from May 2016. The Council has reviewed aspects of its own Governance arrangements in preparation for those changes. The Overview and Scrutiny Committee has considered 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>The independent review of Silver Hill recommended a governance review which would address some areas not already considered by the Council. Audit Committee have indicated they wish to take the lead in bringing that review forward.</i></p>

Issue	Action to be taken	Progress / Comments
Performance and Risk Management	Respond appropriately to recommendations included in recent Internal Audit report on Performance and Risk Management.	<p><i>Portfolio Plans for 2016/17 were adopted by Council in January 2016.</i></p> <p><i>Service Plans for 2016/17 are being put in place by Heads of Teams. They include significant actions for the coming year, a small suite of performance indicators and details of significant operational risks to ensure that key governance elements are considered on a consistent basis.</i></p> <p><i>The independent review of Silver Hill highlighted a number of matters concerning effective risk management. The Council's approach has developed significantly over the past year, but will be re-assessed in the light of that review's recommendations.</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 to 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 was delivered to key staff in Spring 2015 to support this.</i></p> <p><i>The Communications Team's new structure is now in place. Consultation methods and approaches will be further reviewed with the support of the LGA in the light of the recommendations of the independent review of Silver Hill.</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>Public consultation has been undertaken with residents and businesses in Highcliffe to seek opinion on the potential siting of a replacement leisure centre at Bar End and to identify any initial areas of concern. Further technical work required is being undertaken and discussions with key stakeholders are ongoing. An update report will be discussed at Cabinet in March.</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>Procurement arrangements for all major projects will form an integral part of the decision-making process at each project's inception and throughout its life.</i></p>