

REPORT TITLE: ANNUAL GOVERNANCE STATEMENT MONITORING UPDATE

AUDIT COMMITTEE

24 NOVEMBER 2016

PORTFOLIO HOLDER: CLLR STEPHEN GODFREY (PORTFOLIO HOLDER FOR FINANCE AND CORPORATE POLICY)

REPORT OF CORPORATE DIRECTOR (PROFESSIONAL SERVICES)

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WARDS: GENERAL

PURPOSE:

This Report provides an update on the progress that has been made since the 1 April 2016 against the issues that are included in the Annual Governance Statement.

RECOMMENDATION:

That issues arising from the information in this report be raised with the Portfolio Holder and consideration is given to whether any items of significance need to be drawn to the attention of Cabinet.

IMPLICATIONS:1. COMMUNITY STRATEGY OUTCOME

- 1.1 The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
- 1.2 Good Corporate Governance supports the delivery and achievement of the all the outcomes of the Community Strategy and the projects included in Portfolio Plans.

2. FINANCIAL IMPLICATIONS

- 2.1 There are no direct resource implications.

3. LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 None identified.

4. WORKFORCE IMPLICATIONS

- 4.1 None identified.

5. PROPERTY AND ASSEST IMPLICATIONS

- 5.1 None identified.

6. CONSULTATION AND EQUALITY IMPACT ASSESSMENT

- 6.1 None required.

7. RISK MANAGEMENT

Risk	Mitigation	Opportunities
<i>Property</i>	A number of the issues identified in the AGS have property implications, including Asset Management. Mitigation of the identified risks is included in relevant risk registers.	Opportunities are identified as part of the ongoing management of the individual issues identified in the AGS
<i>Community Support</i>	N/A	
<i>Timescales</i>	Actions to manage the issues identified in the AGS are regularly monitored	
<i>Project capacity</i>	Included with the programme and project	

	management plans	
<i>Financial / VfM</i>	Proper financial monitoring and reporting arrangements are in place to manage revenue and capital budgets relevant to the issues included on the AGS.	
<i>Legal</i>	Legal issues are addressed as part of the management of the individual projects and actions included on the AGS.	
<i>Innovation</i>	N/A	
<i>Reputation</i>	Several of the issues included on the AGS have the potential to impact on the Council's reputation and are managed as part of the project management arrangements that in place.	
<i>Other</i>	N/A	

8. SUPPORTING INFORMATION

- 8.1 The Council's Annual Governance Statement (AGS) was reviewed by The Corporate Governance Group and reported to this Committee at its meeting on 28 June 2016 (report AUD157 refers).
- 8.2 A number of issues were identified in respect of 2015/16 that require action during the current financial year. For each of these issues, the Council has prepared a plan on how it will address them.
- 8.3 The following issues are identified in the AGS
- Asset Management,
 - Setting and achieving priorities within the context of reducing resources for local government,
 - Partnership arrangement
 - Capacity
 - Changes to Governance Arrangements
 - Performance and Risk Management
 - Recruitment and Retention

- Consultation and Engagement
- Major Projects
- Procurement and Contract Management

8.4 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.

8.5 At the time the AGS was reported in June 2016, a further two new emerging issues were identified and these were Devolution and the impact on the Council arising from the Housing and Welfare Bill. At the time the decision was taken not to include either on the AGS until more information was made available.

8.6 Devolution – although not included as an individual issue in the AGS, a brief update is included under the Changes to Governance Arrangements issues.

8.7 Impact of the Housing and Welfare Bill – There have been no further announcements regarding the regulations to deliver the key elements of the Bill (including High Value Void sales, Pay to Stay, Starter Homes etc) and there has been no indications as to when any announcements may be expected.

9. OTHER OPTIONS CONSIDERED AND REJECTED

9.1 None.

BACKGROUND DOCUMENTS:

Previous Committee Reports

AUD157 Corporate Governance Report and Annual Governance Statement
2015/16, 28 June 2016

AUD168 Annual Financial Report 2015/17, 29 September 2016

APPENDICES:

Appendix 1 – Annual Governance Statement – update on progress

ANNUAL GOVERNANCE STATEMENT

Progress monitoring report – November 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>The Council's Asset Management Plan is currently being updated and will be presented to Cabinet on 7 December for consideration and approval.</i></p> <p><i>The Council's updated Capital Strategy will be brought to Cabinet in January 2017.</i></p> <p><i>A new informal cross-party group known as the Central Winchester Regeneration Informal Policy Group has been formed to work on bringing forward suitable policies and proposals for the city centre site.</i></p>
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 Leader's Portfolio Plan includes the key actions:</p> <ul style="list-style-type: none"> -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>The production of a detailed Asset Management Plan for Housing Revenue Account assets that determines options for making best use of assets along with a clear asset disposal policy.</p>	<p><i>Budgets have now been amended to reflect the Silver Hill scheme termination.</i></p> <p><i>The Council's Medium Term Capital Strategy includes investing in large schemes which, by encouraging the economic health of the City, will help generate income streams that can replace the lost Central Government grants currently being phased out.</i></p> <p><i>The Council's corporate planning processes provide a clear link between the Community Strategy and day-to-day activities, with the Portfolio Plans setting out what the Council seeks to deliver each year. These form the basis for our budget. As resources continue to be squeezed, so the Council will continue to set priorities and plan to deliver what can be afforded.</i></p> <p><i>A plan of service redesign is being developed utilising the Vanguard model to assist in the transformation of key services enabling much greater customer service focus and efficiency saving wherever possible.</i></p> <p><i>The Treasury Management Strategy for 2016/17 was approved by Council on 25 February 2016.</i></p> <p><i>The HRA Asset Management Strategy will be considered by Cabinet Housing Committee in November 2016.</i></p>

Issue	Action to be taken	Progress / Comments
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>Shared services already in place include IT, Revenues, Environmental Services, Internal Audit, Treasury Management Services, Learning and Development as well as the fully integrated merger of Museum Services to form the Hampshire Cultural Trust.</i></p> <p><i>The ongoing developments of Devolution are also being monitored with regard to potential future partnership working once an agreed approach is settled on.</i></p> <p><i>Work is now underway on generating options for the future model of service delivery for the Environmental Services Contract.</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. Cabinet (Major Projects) Committee also plays a role in ensuring good governance within major projects.</i></p> <p><i>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, and key recommendations from this have been implemented.</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 Major Projects Team is supporting the prioritisation of resources for the Council's significant projects.</i></p> <p><i>A paper on the realignment of existing staffing resources is due to the Cabinet in December 2016 setting out addressing current capacity gaps and proposals to provide resources.</i></p>
Changes to Governance Arrangements	<p>The Council to fully engage in current discussions on Devolution and Local Authority organisation and the Council's own internal organisational arrangements.</p>	<p><i>The Council continues to participate fully with current Devolution discussions.</i></p>

Issue	Action to be taken	Progress / Comments
Performance and Risk Management	Respond appropriately to recommendations included in the recent Internal Audit reports on Performance and Risk Management	<p><i>Work is underway to refresh the Community Strategy which will cover the period 2017-2020. Aligned to the outcomes in the Strategy will be a suite of outcome measures which will be monitored and reported throughout the year. A draft of the Community Strategy will be reported to Cabinet on 7 December.</i></p> <p><i>A risk workshop for senior managers was held on 1 November which provided an update on the arrangements for managing risk as set out in the Risk Management Policy 2016.</i></p> <p><i>Performance Management Team continues to review the Council's Corporate Risks on a quarterly basis and respond to any escalated operational risks as they arise.</i></p> <p><i>Revised committee report template now includes an updated paragraph for risk management issues to support decision making</i></p>
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>Following recent discussions with the Leader, Portfolio Holder and Corporate Management Team, it has been agreed that the ongoing work on revising the Workforce Plan is postponed until the new Chief Executive is in post and to reflect further work to update the corporate strategy to ensure that the Workforce Plan is fully aligned to corporate priorities.</i></p> <p><i>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>

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 understanding of the Council's major projects and in support of the Council's reputation.	<p><i>Programme and Project Management arrangements implemented over the last year will provide reassurance that communication is embedded in each project plan. Project Management training has been delivered to key staff which supports 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>A consultation hub ('Citizen Space') continues to provide a centralised area on the Council's website for all City Council consultation, along with feedback and commentary on the results of consultations.</i></p> <p><i>The Local Government Association provided a short review of the Communications and Engagement in October 2016 and the outcome of this report is being considered.</i></p>
Major Projects	Major projects are properly planned, resourced and managed following established principles and guidance.	<p><u><i>Station Approach</i></u></p> <p><i>Cabinet has agreed to undertake an open invitation to tender process to secure a new architect following the decision to not appoint the highest scoring bidder from the previous Competitive Dialogue procurement process. The new process will be supported by the RIBA Competition Office.</i></p> <p><u><i>River Park Leisure Centre</i></u></p> <p><i>Further technical and financial work is being undertaken to inform decision making on the possible options. A decision on the Business Case for a replacement Leisure Centre has been delayed to 2017 following the start of negotiations to purchase the Garrison Ground from Tesco, which will open up an option for the new centre's location which was not previously available and will be considered towards the end of 2016. On going condition survey work is being undertaken on the existing Leisure Centre.</i></p>

Issue	Action to be taken	Progress / Comments
Procurement and Contract Management and Governance (particularly arising from the Independent Review of Silver Hill)	Cabinet to consider, with advice from Audit Committee and The Overview and Scrutiny Committee, improvements to procurement, contract management and Governance – Autumn 2015.	<p><i>Audit (Governance) Sub-Committee and an Informal Policy Group set up to review the recommendations made by the Independent Review of Silver Hill.</i></p> <p><i>The latest meeting of the IPG took place in September 2016.</i></p> <p><i>A number of the recommendations from the Silver Hill report have been completed, with progress in place against the other recommendations.</i></p> <p><i>The next meeting of the IPG is due in early December.</i></p>