

Audit Committee

28 May 2020



Report of: Director of Finance

Title: Annual Governance Statement 2018/19 - Progress Update

Ward: N/A

Officer Presenting Report: Denise Murray

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Recommendation

The Audit Committee note the progress made to date against the Annual Governance Statement (AGS) action plan for 2018/19, consider any issues arising and challenge where appropriate.

Summary

The AGS summarised the actions and improvements which had been taken to enhance governance arrangements in 2018/19 and identified a number of significant governance and control weaknesses that needed to be addressed to ensure continuous improvement in the governance framework and financial and budget management within the Council.

The actions are considered closed and the report provides updates on the approach and actions the Council has adopted in taking these items forward.



1. Purpose

1.1. To report on the progress made to date against the Annual Governance Statement (AGS) Action Plan for 2018/19.

2. Background

2.1. The AGS summarised the actions and improvements which had been taken to enhance governance arrangements in 2018/19, before setting out significant governance and control issues. In determining the significant governance issues to disclose, the following factors are considered on whether the issues had:

- seriously prejudiced or prevented achievement of a principal objective;
- resulted in the need to seek additional funding to allow it to be resolved or had resulted in a significant diversion of resources from another aspect of the business;
- a material impact on the accounts;
- been considered as significant for this purpose by the audit committee or equivalent;
- attracted significant public interest or had seriously damaged the reputation of the Council;
- resulted in formal action being taken by the Section 151 Officer/Monitoring Officer; and
- received significant adverse commentary in external inspection reports and which the Council has not been able to address in a timely manner.

2.2. The significant governance issues arising in the 2018/19 Statement to which actions were agreed are as follows:

- I. A number of complaints of racial discrimination that were raised by the BAME staff led group.
- II. Statutory recommendations made to Full Council with regard to Senior Officer Remuneration.
- III. The limited progress against a number previous governance issues identified which require further work or re-calibration of timescales to deliver in line with capacity available to do so.
- IV. The Chief Internal Auditor's opinion on the control, risk management and governance framework which has been 'limited assurance' for the third consecutive year.

2.3. It was agreed that the Corporate Leadership Board would monitor the implementation and operation of the above over the course of the year through the operational plans and provide an overview report to be presented to Audit Committee to update on the progress against the issues identified in the statement.

2.4. The progress made to date is summarised below and where appropriate further detailed in Appendix A – HRC-Organisational Improvement Plan and Appendix B - LGA Corporate Peer Challenge Action Plan.

2.4.1. A number of complaints of racial discrimination that were raised by the BAME staff led group – Status - *Green – completed and evidenced*

Approach/Actions:

- A new post of Head of Equality and Inclusion has been established and appointment made to the post, along with an Equalities Board to oversee progress and monitor improvements. Early improvements include putting in place revised HR policies with staff led groups and trade unions, introducing career development workshops, further training for managers in recruitment and interview skills and additional equalities training for relevant service areas.

- The Employee Engagement Survey 2019 identified areas that needed attention; including making sure that all employees feel they have a voice and these were monitored within the wider organisation improvement action plan (See Appendix A - HRC Organisational Improvement Plan update 5 March).
- The individual complaints to the staff led groups are all now resolved and the LGA have provided the groups with some advice and support. The LGA have also provided support to the Council in the consideration of the broader aspects of equality and inclusion.
- Annual staff survey 2020 was launched. An additional question on whistleblowing procedures was added to the survey on the recommendation of Audit Committee unfortunately the analysis of results has been delayed due to the focus on Coronavirus but should be available by quarter 2.

2.4.2. Statutory recommendations made to Full Council with regard to Senior Officer Remuneration – Status - Green – completed and evidenced.

Approach/Actions:

- The report and action plan was considered and subject to minor changes the approach was agreed by Council and BDO March 2019. All of the recommendations within the action plan have been implemented in line with the timescale agreed and a subsequent report of the Head of Paid Service was presented to Council in July 2019 to confirm the position. It is expected that the implementation of the above and adherence to the policy will be tested on an ongoing basis by the Council's External Auditors.
- External Auditors Grant Thornton report extract "*the Council has responded to the Statutory Recommendations issued in the prior year, updating Terms of Reference and policies as appropriate. To date the new policies have not been required to be used in respect of a senior officer*"

2.4.3. The limited progress against a number of previous governance issues identified, some of which require further work or re-calibration of timescales to deliver in line with capacity available to do so. Status - Green – completed and evidenced.

Approach/Actions:

- The report to Audit Committee in July 2019 confirmed that all of the 85 actions from the Hundred review had been implemented and from the actions required from the AGS 2017/18, 8 of the 13 areas had also been implemented with 5 areas requiring further work.
- Three of the improvements required a more in depth programmed approach than initially anticipated when the issue was first identified and action agreed. These have been recalibrated and implemented as follows:
- **AGS 4.1 – Delivery of improved level of education**

A new Director of Education and Skills was appointed and the Education Transformation Programme developed which is the Council's long-term plan to develop, improve and transform its education service - including SEND. Additional funding has been secured for its delivery and monitoring takes place via People Scrutiny Commission.

- **AGS 7.1 – Partnership Working (policy, toolkit and agreements)**

- The updated Partnerships Policy and toolkit is written and unfortunately sign-off delayed in March due to the focus on Coronavirus. It will now be taken through the council's Decision Pathway in Q1 2020/21. Whilst the approval of this policy has been significantly delayed, the work to create a partnerships register, template partnership agreements and to identify key partners was completed during 2019/20.

- **AGS 10.1 – Contract Management Improvements**

Procurement policies and protocols have been refreshed and approved as appropriate by Council / Cabinet to ensure consistency and clarity in application. Two procurement teams have been consolidated with a supplier relationship team established. Via a competitive tender process a procurement Strategic Partner has been appointed (subject to contract) to provide additional reach back capacity and focused work on improving contract management across the organisation.

- Two of the items identified were duplicated with the recommended areas of improvement following the LGA Corporate Peer Challenge (CPC) and as such are being monitored by Cabinet as part of the LGA CPC action plan These are as follows:

- **AGS 11.1 – Member Development Programme**

The Member Officer Protocol was reviewed and guidance provided, and member briefings and development session were offered by the monitoring officer. LGA provided further training for members on good scrutiny and briefings offered on areas such as West of England Combined Authority, corporate values etc. Members in consultation with Democratic Services designed and implemented a comprehensive induction programme for new councillors.

- **AGS 12.1 – Performance Management**

The Council designed and implemented a new Performance Management and Talent Pipeline Strategy to facilitate good quality performance management; set clear objectives linked to BCC's Corporate Strategy, organisational leaders and managers reflect the diversity of the city and reflect on how our organisational values are being demonstrated. Full details are set out in the published Organisational Improvement Plan and monitored in the associated action plan.

2.4.4. The Chief Internal Auditor's opinion on the control, risk management and governance framework which has been 'limited assurance' for the third consecutive year. Status - Green – completed and evidenced.

Approach/Actions:

- CLB agreed to undertake a review of the root cause for the trend noted in limited assurance findings. The review identified, two key areas that were the primary drivers for these findings and actions to address these issues were agreed as follows:

Complexity of the landscape of systems and processes

- Many of the systems and processes were not efficient; enhance the potential for error and exposure to risks. A number would benefit from replacement, rationalisation or integration

into core systems and platforms that would reduce the level of manual interventions, disaster recovery and additional officer resource. The IT Transformation Programme has been established with an ITTP Board to oversee the programme and delivery partner engaged to realign the operating model to the business and drive Line of Business system rationalisation and improvements. Similarly additional resources and capacity is being commissioned to support the work programme and enhance skills, functionalities and efficiencies across the business. Performance of the ITTP project is being monitored by Resources Scrutiny commission and risk by the Audit Committee.

Pace of organisational change and lack of resilience

- Pace of organisational change and lack of resilience resulted in loss of management information, gaps in business knowledge, need for wider training and development and consistency in approach. In the Organisational Improvement plan we have sought to improve processes and policies, internal communication and engagement and continue the development of our teams and individuals. We believe that this will create the conditions that enable the improvements we seek.
The Organisational Improvement action plan is reviewed and refreshed on an annual basis to ensure it remains relevant and is overseen by the Executive and HR Committee.

2.4.5. We recognise that the above are not short term actions but much wider programmes and work streams that will be in train over the medium term and whilst led corporately will require the support and input of teams and managers across the Council to be successful.

3. Proposal

3.1. The Audit Committee considers the progress made to date against the Action Plan, consider any issues arising and challenge where appropriate.

4. Other Options Considered – N/A

5. Risk Assessment

5.1. The publication of an AGS is a legal requirement and the processes of implementation, monitoring and reporting of improvement actions arising therefore constitute an important element of the Council's governance arrangements. The actions identified within the response to the AGS constitute important measures whereby the Council's overall management of organisational risk can be enhanced.

6. Public Sector Equality Duties

6.1. Before making a decision, section 149 Equality Act 2010 requires that each decision-maker considers the need to promote equality for persons with the following "protected characteristics": age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. Each decision-maker must, therefore, have due regard to the need to:

- i) Eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act 2010.
- ii) Advance equality of opportunity between persons who share a relevant protected

characteristic and those who do not share it. This involves having due regard, in particular, to the need to --

- remove or minimise disadvantage suffered by persons who share a relevant protected characteristic;
 - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it (in relation to disabled people, this includes, in particular, steps to take account of disabled persons' disabilities);
 - encourage persons who share a protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- iii) Foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to –
- tackle prejudice; and
 - promote understanding

6.2 No Equality Impact anticipated from this report.

7. Legal and Resource Implications

Legal – N/A

Financial – N/A

Land – N/A

Personnel – N/A

8. Appendices:

- Appendix A - HRC Organisational Improvement Plan update 5 March
- Appendix B – LGA CPC Action Plan Cabinet update Oct 2019

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

9. Background Papers:

None