

4 March 2019**Agenda Item: 9****REPORT OF SERVICE DIRECTOR FINANCE, INFRASTRUCTURE &
IMPROVEMENT****QUARTERLY GOVERNANCE UPDATE****Purpose of the Report**

1. To inform Committee of the progress being made with the Governance Action Plan for 2019/20, and to request Members' feedback regarding the most significant governance issues currently facing the Council and whether revised actions are needed to address emerging risks.

Information

2. The Accounts and Audit (England) Regulations 2011 require the Authority to publish an Annual Governance Statement (AGS) along with its Statement of Accounts. The focus of the AGS is to assess the extent to which the Council's Local Code of Corporate Governance has been complied with over the course of a financial year, along with an assessment of the most significant governance issues the Council is dealing with. This gives rise to an annual Governance Action Plan.
3. For the past couple of years, a quarterly review process has been in place to ensure the AGS is used as a live document throughout the year, contributing towards maintaining an appropriate, strategic focus on the Council's ongoing governance arrangements. The quarterly review is also an opportunity to review the progress being made with the agreed actions.
4. The latest quarterly update identifies the following as the most significant governance issues for the Council.

Issue	Comment
Transformation agenda	Following approval by Policy Committee in October 2019 to a revised approach to transformation and change, our strategic partner, Newton Europe, has been appointed and is now on site undertaking an initial discovery phase of the engagement. Newton Europe will be working alongside Council managers on a cross-Council basis to support us in developing a new, intelligence and insight-led model of transformation.

Budget forecasting	Effective management of the most volatile elements of the annual budget remains a key area of focus. Concern lies around processes for budget setting, forecasting and the effective use of data.
Retention of local business rates	Preparatory work for this change in the local taxation framework continues to progress.
Pressure on core systems of internal control	The findings of Internal Audit over recent Termly Audit Plans are not identifying a concerning number of areas in which only limited assurance can be provided over the effectiveness of internal controls. However, the Group Manager – Assurance has reported to the Governance & Ethics Committee a decline in implementation rates for agreed actions following audits. This was particularly evident for Priority 1 actions, and a number of officers attended the Committee in June 2019 and January 2020 to provide a verbal update on progress in specific areas.
Vulnerability to fraud	An update on progress against the Annual Fraud Report's action plan was presented to the Governance & Ethics Committee in December 2019. The incidence of internal fraud remains low, but the Council continues to be the target of attacks from external sources, notably in relation to its suppliers' bank details.
Risk of exposure to serious and organised crime	National evidence identifies local government as a prime target for fraudulent activity to fund serious and organised crime. Actions identified following Internal Audit's review against the DCLG/Home Office recommended audit programme have been implemented. A six-monthly data-sharing procedure with the Government Agency Intelligence Network is in place; no matters of concern were identified from the first matching exercise.
Independent Inquiry into Child Sexual Abuse	A comprehensive action plan was agreed by the Children & Young People's Committee in December 2019, and that Committee will perform ongoing scrutiny and monitoring at appropriate intervals. A second phase of public hearings took place in November 2019 for the Accountability & Reparations investigation, and an additional, special sitting-day is scheduled for 5 February. The Council will consider that investigation's findings and recommendations when released, and incorporate further actions in to the Council's response.
Controversial/sensitive decisions	The risk of challenge and demonstrations at Council meetings, at which potentially controversial and sensitive decisions are to be taken, is recognised. The Council continues to be a focus of attention for the Nottingham Extinction Rebellion group, and the Council's stance and approach on this issue remains under active management.
General Data Protection Regulations	The Information Governance Improvement Programme continues to help the Council manage the significant reputational and financial risks of breaches in data protection. The Programme is a two-phase approach, focusing on: compliance with the new data protection law; and a Council-wide approach to document management. Close monitoring of progress against the improvement plan is continuing to mitigate these risks.
Move to the Cloud	The County Council currently stores its software and data within the ICT Data Centre on the County Hall campus. Work continues to provide these services using a 'cloud' based online approach, as part of the plans to use the latest technology to provide more cost-effective ICT Services. Monthly updates on progress continue to be provided relating to migrations of applications, email accounts, SharePoint sites and the roll-out of Office ProPlus.
Brexit implications for the Council	With ratification of the Withdrawal Agreement, the UK left the EU with a deal on 31 January 2020. Central government has confirmed that 'Operation Yellowhammer' no-deal contingency planning activities have been stood down. As of the 31 January 2020, the Department for Exiting the European Union is disbanded. The Government has now moved into a transition / implementation period in which it will be negotiating its future relationship

	with the European Union. The Government's position is that it is expected to have a trade and other relevant agreements in place by December 2020. Further contingency planning work may be required to mitigate the risk that trade negotiations will not be completed in this timescale.
Local Government Association Peer Challenge	The LGA Peer Challenge was conducted in June 2019 and its subsequent report recognised a number of the Council's key attributes that underpin the positive findings of the Review Team. A report to Policy Committee in October 2019 agreed an action plan in response to the report's five recommendations. Progress is being monitored by the appropriate committee for each action.

5. The thoughts and insight of Corporate Leadership Team colleagues are sought on a quarterly basis to assess whether the above list continues to represent the most significant governance issues on which the Council needs to focus. To assist with this, CLT colleagues are asked to consider the following:
 - Colleagues' awareness of significant governance issues being dealt with by senior managers in their departments – to identify whether some issues should be added to, or removed from, the list. Alternatively, colleagues may be aware of a more specific or emerging development within one of the areas listed, which should require a refocus of the Council's response.
 - Reference to the Council's [Local Code of Corporate Governance](#), as an aid to considering whether colleagues are aware of any emerging issues within the areas the Code covers.
6. An important part of the AGS is its Action Plan, and this should also be refreshed following each quarterly update. The Action Plan for 2019/20 is set out in **Appendix 1**, along with an update on progress that has been identified through consultation with relevant managers.

Other Options Considered

7. None – the Council has a single governance action plan and has determined to receive quarterly updates on progress against it.

Reason/s for Recommendation/s

8. To enable Members of the Committee to contribute to the development and review of the Council's governance framework.

Statutory and Policy Implications

9. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Whilst there are no specific implications arising from the content of this report, the Council's governance framework spans all of these areas and the action plan is targeted at strengthening governance in specific areas where the opportunity for improvement has been identified.

RECOMMENDATION/S

1) That Members determine whether they wish to see additional actions taken, or to receive further reports relating to the governance issues raised in this report.

Nigel Stevenson

Service Director – Finance, Infrastructure & Improvement

For any enquiries about this report please contact:

Rob Disney, Group Manager – Assurance

Constitutional Comments (SS 12/02/2020)

10. The Governance and Ethics Committee is the correct committee to consider this report and comment on the actions taken.

Financial Comments (RWK 06/02/2020)

11. There are no specific financial implications arising directly from the report.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- None

Electoral Division(s) and Member(s) Affected

- All