

22 March 2023

Agenda Item: 8

**REPORT OF SERVICE DIRECTOR FINANCE, INFRASTRUCTURE &
IMPROVEMENT**

GOVERNANCE UPDATE

Purpose of the Report

1. To inform Committee of the progress being made with the Governance Action Plan for 2022/23.

Information

2. The Accounts and Audit (England) Regulations 2015 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. The Council continues to review progress against the action plan on a regular basis throughout the year. This ensures the AGS is used as a live document, contributing towards maintaining an appropriate, strategic focus on the Council's ongoing governance arrangements.
4. This latest update identifies the following as the most significant governance issues for the Council.

Issue	Comment
Cabinet/Scrutiny model of corporate governance	Full Council at its meeting on the 31 st March 2022 approved a revised model of governance which was implemented following the Annual General Meeting on 12 th May 2022. It was agreed that the member working group would remain in place to deal with any issues arising and undertake a review of the operation of the new model after 12 months. The member working group has now been reconvened for March 2023 to consider the operation of the new governance model and make any recommendations for consideration at Full Council at its meeting in May 2023.

Issue	Comment
Devolution	<p>On 30 August 2022, Derbyshire County Council, Nottinghamshire County Council, Derby City Council and Nottingham City Council (the Constituent Councils) signed a £1.14 billion devolution deal with the Government. The signing of the deal will, subject to relevant approvals, consultation and primary and secondary legislation passing through Parliament, establish the first ever Mayoral Combined County Authority in the country.</p> <p>To progress the area's devolution deal, under the Levelling-up and Regeneration Bill (LURB), a consultation was required on the draft East Midlands Combined County Authority (EMCCA) Proposal. Full Council agreed on 4 November 2022, to formally consult on the draft proposal with the residents and other stakeholders of Nottinghamshire and the wider EMCCA area, in partnership with other Constituent Councils.</p> <p>The consultation ran for a period of eight weeks, from 14 November 2022 to 9 January 2023. The Constituent Councils are now considering consultation outcomes and are seeking approval of a revised draft proposal to Government at their Full Council meetings in March 2023. The timescale for submission of the Proposal to Government is dependent on the passage of the LURB through Parliament and timescales could be further impacted by any further changes to the Bill, which would need to be considered and may require further amendments to the Proposal.</p> <p>A monitoring officer working group is working thoroughly through the governance and constitutional matters in respect of the combined county authority.</p>
Climate change	<p>At its Annual General Meeting on 27/5/2021, the Council declared a Climate Emergency, and tasked the Transport and Environment Committee to drive forward measures to achieve the Council's commitment to achieving carbon neutrality in all its activities by 2030. Following the move to a Cabinet system the Cabinet Member for Transport and Environment has subsequently received a number of reports on progress including reviewing the Corporate Environment Policy to incorporate the 2030 target noted above, receiving the Councils Greenhouse Gas Report for 2019/20, and agreeing projects to be funded through the Green Investment Fund.</p> <p>Furthermore, work continues with the development of a carbon reduction plan due to be published in Spring 2023, input into the Corporate Property Strategy review and design standards and supporting Highways & Transport colleagues to green the internal fleet. Departmental working groups are now established, and the Employee Green Initiatives Group has been relaunched and supported on an ongoing basis. A Carbon Literacy Training package has been developed and offered to all Members and Officers, and work continues to embed climate change impacts within all Council decisions.</p>
The transformation agenda	<p>We have made progress in delivering on a number of projects within the current transformation programmes. Where delivery is delayed, we have appropriately escalated risks to identify mitigating actions or</p>

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	<p>to agree risk tolerance. Highlight reporting has been re-established and reports to Corporate Leadership Team on a quarterly basis. Transformation and Change Group will continue to monitor the benefits / impact of projects implemented and support transfer to 'business as usual'. Alongside this, we are working to ensure that the programmes support delivery of the Council's refreshed Annual Delivery Plan for 2023/24, which articulates the action we will take in year to deliver on the Nottinghamshire Plan ambitions.</p> <p>We continue to work to develop and embed new and best practice approaches to effectively deliver and embed change and transformation.</p>
<p>Financial resilience and sustainability</p>	<p>The recent significant increases in inflation and specific increases in external costs for essential services continues to impact on the Council through additional budget pressure bids. The importance of effective management of the most volatile elements of the annual budget is heightened and remains a key area of focus. The Medium-Term Financial Strategy (MTFS) continues to be updated and reported regularly. Maintaining the flow of transparent, financial data for Councillors remains a key priority.</p> <p>The Period 10 monitoring report identifies a forecast in-year underspend of £1.8m (0.3% of the Council's Net Budget Requirement) as the management actions put in place following a forecast overspend earlier in the year take effect. This is a changing picture and the impact into next year and upon our MTFS are being constantly assessed.</p> <p>Full Council approved the Budget for 2023/24 on 9 February 2023. This set out the 4-year MTFS funding gap of £30.8m, with a balanced budget in 2023/24 and 2024/25. This followed a review of pressures and inflation together with mitigations and efficiencies. The report set out the assumptions underlying the MTFS and followed public consultation and review by Overview Committee through the year. The level of contingency and reserves were agreed in light of a full review of the risks inherent within the MTFS.</p>
<p>People Strategy and the Nottinghamshire Way</p>	<p>A Workforce Review has been commissioned to identify key risks and issues across the Council in relation to workforce and actions to address these. This work is being progressed through the Member Budget Panel looking at Workforce. The outcomes will be used to support service redesign and develop a new operating model for the Council. This will be enabled by the development of a new Workforce Strategy to ensure that we have cost effective, sustainable resourcing strategies and are able to recruit and retain staff and develop the skills we need. The next phases of the Nottinghamshire Way programme will support development of the culture and ways of working we require and engage staff and managers to ensure sustainable service delivery and delivery of the priorities set out in the Nottinghamshire Plan.</p>
<p>Adult Social Care and Health reforms</p>	<p>Adult Social Care reform and expected requirements were set out in detail for Cabinet in July 2022. Some aspects of Adult Social Care national reform guidance are now delayed following the Government's Autumn statement on the 17th of November 2022. Whilst the Council</p>

Issue	Comment
	<p>awaits more detailed direction on the delays from the Department of Health and Social Care (DHSC), it is anticipated it will only affect charging reform implementation, with all other aspects of reform continuing therefore the estimated cost of the reforms and resource requirements still present significant risks for the Council.</p> <p>Alongside this, the introduction of a new Care Quality Commission (CQC) led assurance and inspection regime brings a reputational risk for the Council. To mitigate against this, a Quality Assurance Framework is being developed for Adult Social Care and work is underway to complete a Local Authority Self-Assessment and Information Return (LASAIR) for Quality Assurance readiness which will be submitted for peer review by ADASS (East Midlands) in February 2023.</p> <p>The continued pressures and lack of capacity in the care workforce will be reflected in the self-assessment as this directly impacts on the Council's ability to meet its statutory duties under the Care Act and will have a direct influence on any CQC future rating. Positively two recent value-based recruitment campaigns have attracted a lot of interest to mitigate against current internal vacancies; and the £1 per hour increase in September 2022 for the home care and supported living care market is showing signs that the increase in pay to the external workforce is having a favourable affect in staff retention.</p>
<p>Demand for care and support</p>	<p>In Sept 2022 additional funding of an extra £1 per hour for homecare and supported living providers was implemented, with early indication that the hours of care delivered to people are increasing, although not significantly enough for the right service to be available at the right time for everyone needing care and support.</p> <p>The system continues to be impacted by high demand for services with people waiting for home care, either in the community or waiting to be discharged from hospital. This has been further exacerbated by Nottinghamshire ICS being one of six ICS's in England to be in National escalation for hospital discharge, which is adding pressure across services.</p> <p>The Council has a significant waiting-list for care and support which continues to present a risk to the individuals concerned and impacts on wider Council services such as an increase in enquiries and complaints. However there have been successful recruitment campaigns recently for roles at an unqualified level, which has improved our workforce vacancy rates. The external market is also reporting that they are experiencing improved recruitment, which has shown a slight increase in hours of care and support delivered.</p> <p>All the risks identified are set out in a comprehensive departmental risk register.</p>
<p>Risk management</p>	<p>An action plan has been developed to address the scope for improvement in the Council's risk management arrangements, following the external 'health check' review in 2021. A clearer</p>

Issue	Comment
	distinction is being drawn between the management of operational and strategic risks, presenting the opportunity to link risk management through to strategic planning and reporting in a more impactful way. Due to operational issues the work on the update was delayed for a short period, however it has now restarted with assistance from Zurich, and will culminate in a revised policy and strategy for risk management along with a revised risk management report and supporting risk registers.
Pace of implementing agreed audit recommendations	Six-monthly updates to the Governance & Ethics Committee continue to identify concerns with the pace of implementation for agreed actions. Focused action by the Internal Audit Team has driven improvements to halt the decline of the implementation rate for the implementation of Priority One actions. The Committee and the Internal Audit Team continue to focus on driving through agreed improvements to the Council's control framework as quickly as possible and continue to monitor both Priority One and Priority Two implementation rates.

5. Corporate Leadership Team colleagues have been consulted with in compiling the above list of issues which continue to represent the most significant governance issues on which the Council needs to focus. CLT colleagues have provided insight to these governance issues by considering 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 update. The Action Plan for 2022/23 is set out in **Appendix 1**, showing the progress that has been identified through consultation with relevant managers. Actions that were agreed as completed as part of the previous update have now been removed.

Other Options Considered

7. None – the Council has a single governance action plan and has determined to receive regular 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

1) That Members note the actions taken to update the governance issues raised in this report.

Nigel Stevenson

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For any enquiries about this report please contact:

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Constitutional Comments (EKH – 02/03/2023)

10. The recommendations fall within the remit of the Governance and Ethics Committee.

Financial Comments (SES – 22/02/2023)

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