

29 November 2023

Agenda Item: 7

**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 2023/24.

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
<p>Cabinet/Scrutiny model of corporate governance</p>	<p>Full Council at its meeting on the 31st March 2022 approved a revised model of governance which was implemented following the Annual General Meeting on 12th 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 reconvened for March 2023 to consider the operation of the new governance model and made recommendations to Full Council which were approved at its meeting in July 2023.</p> <p>To inject both independence and best practice suggestions into the review of the scrutiny arrangements, the Centre for Governance and</p>

Issue	Comment
	<p>Scrutiny (CfGS) has been engaged. It is an independent body which is a centre of expertise in scrutiny matters and who assist organisations to achieve their outcomes through improved governance and scrutiny.</p> <p>The CfGS has undertaken an independent review and will report back shortly. The findings of the review will be considered by the member working group, chairman and vice chairman of Overview Committee.</p>
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. Through our devolution programme, we are working together with our regional council partners and Government to progress the establishment of an East Midland Combined County Authority. The passing of the Levelling-up and Regeneration Bill through Parliament on the 26 October 2023 means the programme can now move into a transitional phase, which includes proposal submission to government, establishment of the statutory instrument (SI) and full council approval to create the EMCCA. An Interim Lead Team is in place to shape the EMCCA and drive the work forward. Devolution will secure long term major investment, jobs and increased prosperity for Nottinghamshire and the East Midlands.</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 Reports for 2019/20, 2020/21, 2021/22 and agreeing projects to be funded through the Green Investment Fund.</p> <p>A carbon reduction plan was published in February 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 being established where necessary, and the Employee Green Initiatives Group has been relaunched and supported on an ongoing basis. A Carbon Literacy Training package has been developed and is being offered to all Members and Officers, and work continues to embed climate change impacts within all Council decisions.</p>
The transformation agenda	<p>There has been significant progress on reviewing the corporate transformation portfolio, as per the commitment in the Nottinghamshire Plan Annual Delivery Plan for 2023/24 (Action 10.11) to align with the Council's strategic aims and ambitions. The Council has moved to a whole organisation portfolio approach, seeking to make all change activity connected and visible. Governance has been</p>

Issue	Comment
	<p>refreshed to create clear line of sight and accountability for transformation across the organisation.</p> <p>The Transformation and Change group, work closely with projects leads and subject matter experts in departments to support delivery of the three corporate transformation programmes. The Portfolio Office coordinates the monitoring and reporting of corporate transformation programmes and departmental service improvement programmes, working with senior responsible and accountable officers to track delivery.</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>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>Cabinet received an update to the MTFS on 9 November 2023 which indicated that the funding shortfall may rise to £60.2m over the next 3 years. However, this is before the local government settlement, further reviews of the pressures and inflation assumptions as well as the measures that the Council will identify as part of its ongoing transformation and change programme. The Period 5 monitoring report identifies a forecast in-year overspend of £0.7m (0.1% of the Council's Net Budget Requirement), with identified significant pressures arising from increasing demand on our social care services, including SEND Transport, and the impacts of inflation. Management actions are in place to help mitigate the impacts of these increasing pressures.</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. The outcome of the review will be used to support service redesign and develop a new operating model for the Council. This work falls within the People Strategy and will ensure that we have cost effective, sustainable workforce plans and resourcing strategies enabling us to recruit and retain staff and develop the skills we need. A core of part of this work is to continue to improve our approach to health and wellbeing, working environment and ways of working.</p>

Issue	Comment
	<p>The work on next phases of the Nottinghamshire Way programme continue to support the development of all of our leaders and of the culture and ways of working we require.</p>
<p>Adult Social Care reforms</p>	<p>New guidance for the next steps for “People at the Heart of Care” was published by the Department of Health and Social Care (DHSC), on the 4th of April 2023 and builds on the 10-year vision for adult social care set out in the white paper in December 2021. Below are the six areas of focus for the next two years:</p> <ul style="list-style-type: none"> • Improving access to care and support to make sure people have access to the right care, in the right place at the right time. • Recognising skills for careers in care with the recent completion of a survey to gather evidence for a new care workforce pathway for adult social care. • Supporting people to remain independent at home with an older people’s housing taskforce in place. • Personalising care through stronger data with the introduction of a client level data set for Local Authorities • Digitising adult social care through the development of a shared care record and increased use of care technologies • Driving innovation and improvement through embedding innovative approaches in delivering care. <p>The new guidance halved the funding commitment for workforce training and qualifications and the Better Care Fund is being used to fund housing integration at a much lower level than anticipated. Furthermore, the delay to charging reform set out in the Autumn statement in November 2022 is still in place, 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 launched and priority areas for development continue to be reviewed and monitored through improvement plans following the submission of the Local Authority Self-Assessment and Information Return (LASAIR) for Quality Assurance readiness was submitted for peer review by ADASS (East Midlands) in February 2023. The Annual Conversation (part of the sector-led improvement process) took place in July and was broadened to incorporate more of a mini-inspection approach to help the department to prepare for future external inspection.</p> <p>The continued pressures and lack of capacity in the care workforce were 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. The department is currently piloting a prioritisation matrix which has been adopted across the East Midlands to support allocation of work according to risk.</p>

Issue	Comment
<p>Demand for care and support</p>	<p>The Council and external care market continues to be impacted by high demand for Adult Social Care support with some people waiting for home-based care and other interventions. The Council has seen an increase in the complexity of support needs for adults requiring social care support leading to increased levels of longer-term services and additional support required for unpaid carers.</p> <p>In January 2023 Nottinghamshire ICS (Integrated Care System) was one of six ICS' in England to be identified by NHSE for national escalation due to high numbers of people in acute hospital care. An action plan is in place and system partners are working closely to reduce unnecessary delays in hospital discharge. The implementation of 'Transfer of Care Hubs' (Multi-Disciplinary Teams) in the hospitals has helped to decrease the number of people experiencing a delay in discharge planning. The ICS has also developed a shared data set across the acute hospitals, Community Health, and Local Authorities to aid earlier discharge planning and increase efficiency throughout people's hospital care and discharge.</p> <p>The Council has a significant waiting-list for care and support in some areas 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 for Community Care Officers which has improved our workforce vacancy rates, which in turn has helped the Council to reduce waiting times and offer more proactive support. For example, the Maximising Independence Service (short-term support) has reduced waiting times for people requiring reablement services.</p> <p>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 an external 'health check'. A clearer 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 was delayed, however it has now restarted with assistance from Zurich. Revised departmental and corporate risk registers have developed and a new corporate reporting format has been agreed with the Corporate Leadership Team. Work currently continues to review and update both departmental and corporate risk registers along with updating the risk management framework for subsequent reporting to the Governance and Ethics Committee. Work has also continued to recruit a permanent resource to lead on Corporate Risk Management.</p>

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 2023/24 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.

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For any enquiries about this report please contact:
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Constitutional Comments (SR – 14/11/2023)

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

Financial Comments (CSS – 31/10/2023)

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