

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.

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| 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 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. |

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| | <p>To inject both independence and best practice suggestions into the review of the scrutiny arrangements, the Centre for Governance and 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 engaging with all political groups and officers whose roles involve scrutiny activity to both gather information and feedback initial observations. The findings of the review have been considered by the enlarged member working group, including Chairman and Vice Chairman of Overview Committee. The recommendations from the review will be reported to Governance and Ethics Committee before passing on the responsibility for progressing this activity to Overview Committee.</p> |
| Devolution | <p>The East Midlands Combined County Authority (EMCCA) was formally established in February 2024. The new mayoral combined county authority includes the areas covered by Nottinghamshire County Council, Derbyshire County Council, Derby City Council and Nottingham City Council (the 'Constituent Councils'). The inaugural mayoral election is set to take place on 2 May 2024.</p> <p>Following consideration of responses to a public consultation, the Constituent Councils approved a final version of the proposal to establish the EMCCA in March 2023 and delegated authority to their respective Chief Executive to submit the Proposal to the Secretary of State, jointly and in consultation with each other once the Levelling Up and Regeneration Bill received Royal Assent. The Proposal was formally submitted to the Secretary of State on 1 November 2023 following the coming into force of the relevant provisions of the Levelling Up and Regeneration Act 2023 (LURA).</p> <p>Council agreed at its 7 December 2023 meeting to the creation of the EMCCA, with the Council as a constituent member. At the same meeting, Council also consented to the making of the relevant legislation required to formally establish the EMCCA. Following debates in the House of Commons on 7 February 2024, and in the Lords on 19 February 2024 the Regulations to create the EMCCA were passes on 28 February 2024. The first meeting of the EMCCA Board took place on 20 March 2024 with the Leader and Deputy Leader of the Council representing Nottinghamshire County Council as Constituent Council members of the EMCCA Board.</p> <p>A critical milestone was reached in January 2024 with the approval of the provisional Assurance Framework by DLUHC. This document sets out how the EMCCA will use public money responsibly, and transparently. The approval of this document unlocked a further £250,000 of central government capacity funding alongside early access to the £38 million a year East Midland investment fund agreed as part of the devolution deal.</p> <p>The next phase of the programme is a transitional one as the combined authority is established as an independent institution.</p> |

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| | <p>Responsibility for day to day running of the new organisation and delivery of the programme will transfer to the new EMCCA once established in the coming months. However, as a constituent member and in keeping with the partnership approach adopted throughout the programme, Nottinghamshire County Council will remain actively involved in the development of the new organisation.</p> |
| <p>Climate change</p> | <p>At its Annual General Meeting on 27/5/2021, the Council declared a Climate Emergency, and made a commitment to achieving carbon neutrality in all its activities by 2030.</p> <p>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, receiving the Councils Greenhouse Gas Reports for 2019/20, 2020/21, 2021/22, 2022/23 and agreeing numerous projects funded through the Green Investment Fund to support a Carbon Reduction Plan which was approved in February 2023.</p> <p>A review of the Corporate Property Strategy, and a comprehensive set of building design standard, both of which align with the Carbon Reduction Plan, are nearing completion. Highways & Transport colleagues continue to look at ways to green the internal and grey fleet.</p> <p>Departmental working groups are 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 with over 180 staff and members now having been trained, and a complimentary eLearning programme is under development. Work continues to embed climate change impacts within all Council decisions.</p> <p>A net Zero Framework is in preparation for approval and publication in summer 2024 setting out how the Council proposes to work with partners and communities to help deliver carbon reductions across the whole of Nottinghamshire using the Councils statutory responsibilities, scale of influence, and purchasing power. The Net Zero Framework is currently going through the stakeholder engagement and political approvals process.</p> <p>Discussions have been held with Zurich to ensure the potential impacts of climate change on communities, council services and budgets are effectively captured in future iterations of the County Councils corporate risk register, and to help inform investment and operational priorities.</p> |
| <p>The transformation agenda</p> | <p>As previously reported 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.</p> |

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| | <p>Governance has been refreshed to create clear line of sight and accountability for transformation across the organisation.</p> <p>The Annual Delivery Plan describes how the Council works collaboratively, both across the Council and with partners, to continue the development of our cross-cutting transformation programmes. This will help us to test new and improved ways of working, service delivery and systems and help create the conditions to enable us to make a difference for the County's communities and residents. The Annual Delivery Plan and budget process have been more closely aligned, this ensures proposed savings and efficiencies are aligned with other areas for delivery in 24/25.</p> <p>The Transformation and Change group, continue to work closely with projects leads and subject matter experts in departments to support delivery of transformation programmes, monitoring and reporting of our change, 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>Cabinet approved the Budget proposals for 2024/25 on 8 February 2024 which will be debated at Full Council on the 22 February 2024. This set out the 4-year MTFS funding gap of £36m, with a balanced budget in 2024/25 and 2025/26. 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>The Period 9 monitoring report identifies a forecast in-year underspend of £5.5m (0.9% of the Council's Net Budget Requirement), with identified additional income from business rates and interest earned which have been partly offset by significant pressures arising from increasing demand on our social care services, including SEND Transport, and the impacts of inflation. Management actions are in place which have mitigated the impacts of these increasing pressures.</p> |
| <p>People Strategy and the Nottinghamshire Way</p> | <p>A workforce review is ongoing. The primary focus has been resourcing as it is an area of risk for the Council. There is a strategy and delivery plan in place which is seeing positive outcomes in a range of areas. The ongoing review will also be used to support service redesign and develop a new operating model for the Council.</p> |

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| | <p>There is a large piece of cross-Council engagement work taking place, at all levels and across all departments to input into the forward looking and resilient council work stream and future operating model. This engagement includes feedback on elements of the People Strategy and Nottinghamshire Way.</p> <p>As part of the People Strategy there are six core areas of work that are being delivered on. Our aim is to ensure that we have a skilled, motivated, cost effective, resilient, sustainable workforce, to support this we are implementing workforce plans and resourcing activity 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. We have made a number of improvements to our wellbeing offer over the past year and it is a well-regarded service.</p> |
| <p>Adult Social Care reforms</p> | <p>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>More recently the Department of Health and Social Care launched the Accelerating Reform Fund (ARF) to support innovation in Adult Social Care as part of its ambitions set out in the 10-year vision “People at the Heart of care”.</p> <p>As part of the ARF, the department has jointly won a bid with Nottingham City Council for £943,000 to cover three areas of focus.</p> <ul style="list-style-type: none"> • The rollout and expansion of the use of technology to support people receiving care to increase their independence, preventing, reducing and delaying the need for longer term care and support. • Expanding the Shared Lives service for Nottingham and Nottinghamshire, to increase respite placements for informal carers, caring for young adults with learning disabilities, mental health needs and other disabilities. • Creating a digital directory for community assets, including events, support groups, activities and organisations, that can be used by the whole system within Nottingham and Nottinghamshire. <p>Furthermore, the new Care Quality Commission (CQC) led assurance and inspection regime has commenced with neighbouring Local Authorities selected for pilots and full assessments. Learning from our regional neighbours and the feedback from our Annual Conversation in July 2023 and a recent Peer Review as part of sector led improvement, will mitigate against the reputational risk this new inspection regime poses for the Council. Over the coming months the department will refresh the Local Authority Self-Assessment and Information Return (LASAIR) which was first submitted to ADASS (East Midlands) in February 2023.</p> <p>The continued pressures and lack of capacity in the care workforce impacts on the Council’s ability to meet its statutory duties under the</p> |

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| | <p>Care Act and will have a direct influence on any CQC future rating. The department is currently embedding a prioritisation matrix which has been adopted across the East Midlands to support allocation of work according to risk.</p> |
| <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. Demand for adult social care is forecasted to continue to increase driven by preventable disability and chronic disease, in addition to an ageing population.</p> <p>However, over the past 12 months the external homecare market continues to grow with an increased number of hours commissioned and people supported.</p> <p>The Council still has a 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.</p> <p>Work is underway at a regional level to understand the impact of people waiting in more detail through a project working with people with lived experience, and across our frontline services visibility of demand has improved over the last six months with dashboards in place to support operational managers. These dashboards will be further enhanced by the introduction of a prioritisation matrix for those people waiting to reduce the risk and support demand management and staffing capacity.</p> <p>The external market continues to report that they are experiencing improved recruitment, with the outcome that there is the increase in hours of care and support delivered. However, this increased recruitment for some providers is from international recruitment which comes with a number of risks.</p> <p>The Nottinghamshire ICS (Integrated Care System) remains one of six ICS' in England to be identified by NHSE for national escalation due to high numbers of people in acute hospital care. Encouragingly a recent review by NHSE showed a marked improvement in the delivery of the action plan with feedback that the ICS is a "mature and evidence driven partnership". The department has contributed extensively to having a data set that produces "one version of the truth" and this was recognised by NHSE colleagues. Although there is still work to be done before de-escalation is agreed, it was recognised the journey the system has been on to get to this point.</p> <p>All the risks identified are set out in comprehensive directorate and departmental risk register.</p> |

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| <p>Children’s Social Care Reform</p> | <p>In December 2023, the Department for Education published guidance for reform in children’s social care in order to deliver the ambitions within its Stable homes, built on love strategy, published in February 2023. This strategy aims to transform the children’s social care system and better meet children’s needs through the following “pillars”:</p> <ul style="list-style-type: none"> • Family help that provides the right support at the right time so that children can thrive with their families. • A decisive multi-agency child protection system • Unlocking the potential of family networks • A valued, supported and highly skilled social worker for every child who needs one. • A system that continuously learns and improves and makes better use of evidence and data. <p>The reform guidance introduces the following changes:</p> <ul style="list-style-type: none"> • A national kinship strategy to set out support for family networks providing loving and stable homes to children. • a new children’s social care national framework to set out the purpose, principles and outcomes that should be achieved in children’s social care. • updates to the Working together to safeguard children statutory guidance which sets out how to safeguard and promote the welfare of children. • a data strategy to set out long-term plans to transform data in children’s social care. • new approaches to promote fostering to ensure the right homes for children. <p>Over the next twelve months, Children and Family Services will respond to the reform guidance, through the Local Safeguarding Children Partnership arrangements and through implementation of new models of service delivery as required through the Safeguarding, Inclusion and Support programme.</p> |
| <p>Experiences and outcomes of children and young people with Special Educational Needs and Disabilities</p> | <p>In January 2023, the Nottinghamshire local area partnership was the first local area in the country to be inspected under the Ofsted/CQC inspection framework exploring the experiences and outcomes of children and young people with special educational needs and disabilities. The inspection report, published in June 2023, concluded with the narrative judgement that “there are widespread and/or systemic failings leading to significant concerns about the experiences and outcomes of children and young people with SEND, which the local area partnership must address urgently.” Priority areas for improvement were identified in the following two areas:</p> <ol style="list-style-type: none"> a. Leaders, NHS Nottingham and Nottinghamshire Integrated Care Board and education, health, and care providers should cooperate to urgently identify, assess and provide for the needs of children and young people with SEND. This includes assessment of needs, timely issuing of EHC plans and holistic oversight of these plans through annual reviews. |

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| | <p>b. Leaders, including commissioners and providers, should act urgently to identify and address the delays and gaps in access to some health services, particularly speech and language therapy, neurodevelopmental pathways and equipment services. They should also ensure that they use available performance data to identify where gaps exist and whether actions taken to address these are effective.</p> <p>In order to respond to the inspection findings and ensure that there is focussed activity which leads to an improvement in children's experiences and outcomes, the local area partnership has developed and is implementing a priority action plan, which is tracked through an Improvement Board which is independently chaired and has been meeting monthly since June 2023. Progress is additionally scrutinised as a standing item at Children and Families Select Committee and through monitoring from the Department for Education and NHS England, with improvements made to date including the percentage of children receiving their Education, Health and Care Plan improving from 4.5% in 2022 to 28.% in 2023.</p> |
| Risk management | <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. Work has continued with Zurich to revise departmental and corporate risk registers along with developing a risk management framework for subsequent reporting. CLT have reviewed and amended drafts of all the aforementioned documents and will be considering further in April. 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 (SSR - 26/03/2024)

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

Financial Comments (SES – 27/03/2024)

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