

12 October 2020**Agenda Item: 6****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 2020/21, 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. The Council continues to review progress against the action plan on a quarterly basis. This ensures 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.
4. The latest quarterly update identifies the following as the most significant governance issues for the Council.

Issue	Comment
Local government re-organisation	The September 2020 meeting of the Policy Committee approved a proposal to revisit the issue of local government re-organisation in the County. Following this, we have requested an invitation from the Secretary of State to come forward with proposals for unitary local government for the County Council's administrative area. We will now commence a formal process of engagement during the Autumn with both the general public and our many operational and strategic partners.

Issue	Comment
The transformation agenda	<p>The Council has been working alongside its external partner to develop a new, intelligence and insight-led model of transformation. A report to the Improvement & Change Sub-Committee in July 2020 set out recommendations from the first phase of this review. The proposed, new model of transformation will be taken forward by a new Service Director, along with programmes of cross-cutting work which are being scoped for consideration by the Sub-Committee.</p> <p>The importance and urgency of this work has been compounded by the impact of the pandemic on the County's residents and businesses, alongside the impact on the Council's finances. The scope and focus for Transformation and Change is being reshaped around the Council's emerging resilience, recovery and renewal objectives.</p>
Financial resilience	<p>The COVID-19 pandemic has placed significant, unforeseen and additional financial burdens on the Council. The importance of effective management of the most volatile elements of the annual budget is now heightened and remains a key area of focus. Concern lies around processes for budget setting, forecasting and the effective use of data. The newly established Financial Recovery Group is playing a lead role in shaping the Council's response to any gap in Government funding for the impact of the pandemic. Maintaining the flow of transparent, financial data for Councillors is a key priority.</p>
Fair Funding & Business Rates Retention	<p>Progress has been delayed again due to the pandemic, and the Council continues to campaign for the promised Fair Funding Review to occur. It is anticipated that there will be renewed calls for it in response to the Comprehensive Spending Review 2020, which was launched in July 2020 and due to report in the autumn.</p>
Pressure on core systems of internal control	<p>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. Understanding the impact of the pandemic on the internal control framework in the Council is key to achieving an appropriate balance between probity and speed of response.</p>
Vulnerability to fraud	<p>The Annual Fraud Report 2019/20 was presented to the Governance & Ethics Committee in September 2020. 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. The Council is also alert to the opportunities that fraudsters seek to exploit from the pandemic situation.</p>
Independent Inquiry into Child Sexual Abuse (IICSA)	<p>A comprehensive action plan was agreed by the Children & Young People's Committee in December 2019, and that Committee is performing ongoing scrutiny and monitoring at appropriate intervals. An update to the Committee in September 2020 reported good progress against the action plan. A second phase of public hearings took place in November 2019 for the Accountability & Reparations investigation, and an additional, special sitting-day was held on 5 February 2020. The recommendations from this phase of the inquiry are directed primarily to the Ministry of Justice to progress, and the Council will keep its action plan under review to take account of developments from Government.</p>
Controversial/sensitive decisions	<p>The risk of challenge and demonstrations at Council meetings, at which potentially controversial and sensitive decisions are to be taken, is recognised. As the Administration Body for the Nottinghamshire Local Government Pension Scheme, the Council continues to be a focus of</p>

Issue	Comment
	attention by the Nottingham Extinction Rebellion group on its stance on investments. The Council's stance and approach on this issue remains under active management.
UK General Data Protection Regulation (GDPR) / Data Protection Act 2018	The Information Governance Improvement Programme closed in March 2020, having helped the Council make significant improvements in its exposure to reputational and financial risks of breaches in data protection. Ongoing Information Governance risks, their severity and mitigations are regularly considered by the Information Governance Board (IGB). Also, the Board will shortly consider a separate risk assessment as part of the recovery from COVID-19. This will review decisions and activity during the response phase to identify any information governance related learning, and ensure any necessary mitigations are put in place going forward. Incremental improvements will be made to enhance electronic document and records management, exploiting new technologies and progress in this will also be considered by the IGB.
Move to the Cloud and ICT resilience	<p>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. The most appropriate ICT systems and applications remain under review, both in light of the response to the pandemic and with a view to the Council's emerging plans for recovery and renewal.</p> <p>The impact of new ways of working for the vast majority of the Council's staff has required an increase in ICT resilience to enable Council staff to work more effectively at home and with the right technology in place. A range of actions have been taken to achieve a stable service, and this will receive continual monitoring and further update reporting to the Improvement & Change Sub-Committee.</p>
Brexit implications for the Council	With ratification of the Withdrawal Agreement, the UK left the EU with a deal on 31 January 2020. The Government has now moved into a transition / implementation period in which it is 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. The Council's risk assessment is being updated to ensure appropriate mitigations are planned for the scenario that trade negotiations are 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.
Ofsted inspection of Children's Services	The inspection endorsed the actions set in train to deliver improvements in discrete aspects of the service, and the Children & Young People's Committee will oversee implementation. The latest progress report is currently being prepared.
Return of Committee schedule	A local, cross-group, political agreement was reached about how to manage the council's decision making and governance in the face of the pandemic. The Constitution's emergency and urgency provisions for decision-making enabled governance of the Council's response to the pandemic to continue in the early stages of the crisis. These decisions have been reported to Members. The Council has now seen a return to its Committee and Full Council schedule in a safe and secure manner. This included an

Issue	Comment
	Extraordinary Full Council meeting on 11 th June which agreed the Committee structure and decision-making processes for the year ahead.

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 2020/21 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:

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Constitutional Comments (EKH 24/09/2020)

10. This report is appropriate to be considered by Governance and Ethics Committee and they have the power to make any resolution resultant upon the recommendation.

Financial Comments (RWK 28/09/2020)

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