



Derby City Council

AUDIT & ACCOUNTS COMMITTEE
30 November 2016

ITEM 10

Report of the Director of Governance &
Monitoring Officer

Update to the Interim Annual Governance Statement

SUMMARY

- 1.1 Following on from the Interim Annual Governance Statement, work has continued to progress action against the 12 recommendations contained within the Report in the Public Interest published in June 2016, as outlined in the Administration's Action Plan and the other governance framework actions highlighted by the Governance Working Group.
- 1.2 A review meeting has now taken place with Ernst & Young to formally review the progress against the recommendations in the Report in the Public Interest in accordance with the Audit Commission Act 1998. As a result, Ernst & Young has confirmed that it is happy for the Council to continue progressing the Administration's Action Plan and the governance framework objectives.
- 1.3 The Governance Board, chaired by Councillor Shanker, Cabinet Member with responsibility for Governance oversees the working of the Governance Working Group.

RECOMMENDATION

- 2.1 To note the contents of this Update to the Interim Annual Governance Statement.
- 2.2 To note that a further updated Annual Governance Statement will be presented to the Audit and Accounts Committee in conjunction with the finalised Statement of Accounts for 2015/2016.

REASONS FOR RECOMMENDATION

- 3.1 The council is addressing significant, largely historical, governance issues and it is essential that the Audit and Accounts Committee remains updated on progress being made.

SUPPORTING INFORMATION

- 4.1 In 2015, the Governance Working Group was established with a view to addressing the corporate governance concerns which were arising at that time (as highlighted in previous years Annual Governance Statements). Initially the Governance working Group developed a framework based around nine building blocks namely:
1. The Constitution;
 2. Finance and Contract Procedure Rules;
 3. Risk Management;
 4. Project Management
 5. Information Governance;
 6. Organisational Development;
 7. Strategic Planning;
 8. Performance Management; and
 9. Policies and Strategies.
- 4.2 The Report in the Public Interest prompted the addition of a 10th building block to the Governance Framework, namely
10. Development, quality and monitoring of statutory governance requirements – this includes responsibilities for producing an annual governance statement annual monitoring statement etc and meeting requirements of the Local Government Code of Corporate governance and the Report in the Public Interest .
- 4.3 The Progress Report issued by Ernst & Young to the Audit and Accounts Committee on 28 September 2016, has resulted in the expansion of building block nine (Policies and Strategies) and the creation of building block 11. These will monitor the measures to improve financial governance and a number of strategic measures designed to address weaknesses in the Council's property valuation and asset management function.

Progress made against the Administration's Action Plan dated 1 July 2016

- 4.4 **Recommendation One:** The Council should reinforce existing guidance about the proper role of Members, particularly concerning the need for Members to avoid involvement in detailed operational matters

Guidance has been issued to Officers (Heads of Service and above) about the role of Members and to raise awareness of their respective roles and responsibilities. Information has also been provided about the specific statutory roles. The Project management toolkit has been updated to clarify the roles of members in those projects which are in excess of £1m. Departmental Schemes of Delegation are in the progress of being concluded.

- 4.5 **Recommendation Two:** The Council should consider reviewing its project procurement and monitoring systems to ensure that appropriate decisions are made regarding externally commissioned services and adequate monitoring of risks and delivery is undertaken.

As detailed above, the Project Management Toolkit has been updated for all projects in excess of £1m in value and this includes increased monitoring. The Delivering Differently project is using this refreshed toolkit. In addition, the Procurement Team Control Framework is under review by the Director of Finance.

- 4.6 **Recommendation Five:** The Council should ensure that it continues to monitor Member interventions in operational matters relating to taxi licensing, and takes robust action when Members have exceeded their proper role.
- 4.7 **Recommendation Six:** The Council should review the quality of decision-making by the taxi-licensing Committee and take appropriate action if it becomes evident that poor decisions are being made by the Committee.
- 4.8 **Recommendation Seven:** The Council should consider, whether different administrative arrangements, are required to create confidence in the integrity of the taxi-licensing function.

As Elected Members are aware, there has been a significant amount of work undertaken to address these recommendations. On 18 May 2016, the timetable for the review of the Council's taxi licensing procedures were presented to Full Council and the Cabinet Member for Regulatory Services was tasked with consulting on options so as to improve public confidence in the taxi licensing regime. The consultation has now concluded and the public response is in favour of changing to a points based system whilst the response from the trade seeks to maintain the current system. Ultimately the decision will be made by Full Council on 23 November 2016. Throughout this process, the timetable originally approved on 18 May 2016, has been adhered to.

- 4.9 **Recommendation Eight:** The Council should ensure that it reinforces the need for officers to observe the Council's Contract Procedure Rules, particularly the requirements to report all waivers to the Council's Accounts & Audit Committee.

The Procurement Board, chaired by the Director of Finance has continued to meet to challenge and monitor the Council's contracts. The Procurement Team has also launched an e-learning module which is mandatory for those Officers who are involved in any form of procurement on behalf of the Council. The take up of this e-learning module will be monitored. Training does still need to be provided to Members of the Audit and Accounts Committee.

- 4.10 **Recommendation Nine:** The Council should ensure that it puts in place robust project management arrangements for all major projects, including appropriate consideration of the internal and external resources required to enable effective implementation.

As detailed above, the Project Management Toolkit has been refreshed and updated so as to comply with the requirements of these governance recommendations. Delivering Differently is using this toolkit and the Board, chaired by the Leader and Deputy Leader of the Council is supported by the Chief Executive, Strategic Directors, Director of Finance and the Director of Governance and Director of Strategic Services.

- 4.11 **Recommendation 10:** The Council should ensure that clear guidance is issued regarding the operation of the political Cabinet (PCCM), to ensure that both officers and Members understand that it is not a constituted committee of the Council and has no authority to make decisions. It should also consider whether it is appropriate for officers to attend PCCM.
- 4.12 **Recommendation 11:** The Council should develop guidance to ensure that persons who are not Members or officers do not attend Council meetings or access restricted papers, unless there are exceptional reasons why this is appropriate and a formal invitation has been extended to them.
- 4.13 **Recommendation 12:** Strategic Officers should be issued with clear guidance requiring them to report key strategic, legal and operational risks to the Corporate Management Team, to the Monitoring Officer as appropriate, and to Cabinet, in a timely manner.
- 4.14 Detailed guidance has been issued to both Elected Members and Officers about the purpose and role of Political Council Cabinet Meetings and that this is not a recognised decision making body of the Council. Officers are expected to attend PCCM without the permission of a member of the Chief Officer Group and reports must be signed off by the relevant Strategic Director prior to them being shared with PCCM.

The importance of e-learning is continually re-enforced across Officers and Elected Members and uptake is reviewed.

Terms of reference for the Chief Officer Group have also been developed.

Progress to date against the Corporate Governance Framework

- 4.15 Progress against the governance framework is monitored on a quarterly basis with an annual "Take Stock" review each January.

- 4.16 For the period July – October 2016, there were 62 actions in the framework, of which three were highlighted as major slippage, namely updates to the Strategic Risk Register, the preparation of the Annual governance Statement and the completion of the Statement of Accounts. Seven actions were recorded as “some slippage” for example the completion of a corporate peer challenge, review of physical security arrangements in the office and for remote working, development of an e-learning module for the constitution. Forty-three actions were recorded as on track and nine were completed.

OTHER OPTIONS CONSIDERED

- 5.1 Not applicable for this report

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Estates/Property officer Service Director(s) Other(s)	Janie Berry, Director of Governance & Monitoring Officer Martyn Marples, Director of Finance & s151 Officer Paul Robinson, Chief Executive & Head of Paid Service
For more information contact: Background papers: List of appendices:	Janie Berry 01332 643616 janie.berry@derby.gov.uk Report in the Public Interest dated 16 th June 2016 Interim Annual Governance Statement Appendix 1 – Implications Appendix 2 – Administration's Action Plan dated 1 st July 2016

IMPLICATIONS

Financial and Value for Money

- 1.1 None arising from this report

Legal

- 2.1 The Report in the Public Interest was prepared by Grant Thornton pursuant to the Audit Commission Act 1998 and progress of the recommendations contained therein must be monitored in accordance with this Act.

Personnel

- 3.1 None arising from this report

IT

- 4.1 None arising from this report

Equalities Impact

- 5.1 None arising from this report

Health and Safety

- 6.1 None arising from this report

Environmental Sustainability

- 7.1 None arising from this report

Property and Asset Management

- 8.1 The governance Working Group is monitoring the progress of the valuation of the Council's assets as part of the governance framework detailed within the report

Risk Management and Safeguarding

- 9.1 The Council must be in a position to operate a robust corporate governance framework

Corporate objectives and priorities for change

- 10.1 The Council must be in a position to operate a robust corporate governance framework

