



<u>Committee and Date</u>	<u>Item</u>
Audit Committee	
24 November 2016	
9:30am	
	<u>Public</u>

## **MANAGEMENT REPORT: ANNUAL GOVERNANCE STATEMENT (AGS) ACTION PLAN UPDATE**

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### **1. Summary**

The 2015/16 Annual Governance Statement (AGS) was considered by Audit Committee in June 2016 and approved alongside the Audited Annual Statement of Accounts 2015/16, at Council in September 2016.

The Annual Governance Statement includes an action plan that identifies activities to improve the control system where significant governance risks were identified. This report provides members with an interim progress update against each of the activities.

### **2. Recommendations**

Members are asked to consider and endorse the activities delivered to date against the approved Annual Governance Action Plan.

## **REPORT**

### **3. Risk Assessment and Opportunities Appraisal**

- 3.1 The AGS has been drafted based on information contained in the risk register alongside data obtained from assurance statements and officer review groups. The strategic risk register is regularly monitored and updated by senior managers and is a useful, up to date, tool to identify governance issues. Consequently, this creates a clear link between the AGS, the strategic risk register, business planning and performance. Delivering the activities set out in the AGS action plan will help to mitigate the strategic risks.

- 3.2 The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998. There are no direct environmental, equalities, consultation or climate change consequences of this proposal.

#### 4. Financial Implications

There are no financial implications.

#### 5. Background

- 5.1 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2015, to produce an Annual Governance Statement to accompany the annual statement of accounts. The statement is signed by the Leader of the Council and the Head of Paid Service and follows a review of the effectiveness of the Council's system of internal controls as required by the Accounts and Audit Regulations 3.
- 5.2 Audit Committee members have requested that Management, being responsible for the first line of defence, provide an update and therefore assurance as to delivery of the key activities set out in the AGS action plan. This in turn will demonstrate improvements in the risk environment of the Council.

#### 6. Delivery to date

- 6.1 An update of delivery to date is provided against each of the targeted outcomes in the AGS action plan:

***Outcome: Regular Sound engagement is in place between health and social care for the future provision of services, which includes the agreement of Clinical Health Commissioning funding on a case by case level through to service redesign and commissioning through the Better Care Fund, the Transforming Care Partnership and the Strategic Transformation Plan.***

***Activities:***

*Delivery against the BCF programme and Health and Well Being Board three Exemplar Projects: Rod Thomson, March 2017.*

***Update:*** *The work on the three exemplar projects continues as planned coordinated by the Health and Wellbeing Board.*

*Agreement for Continuing Health Care funding agreed on a case by case basis using jointly agreed risk tool: Andy Begley, June 2016.*

***Update:*** *Despite numerous requests and attempts by Adult Social Care this has not yet been resolved with the Clinical Commissioning Group (CCG) and a joint tool has not yet been agreed. The outstanding debt owed to the Council of £3m which has accrued over three years is also not resolved despite agreement having been reached in the Summer on an arbitration approach the CCG have bow*

*cancelled two meetings to take this forward and have not provided the evidence as agreed.*

*Service redesign and commissioning through the Better Care Fund (BCF), the Transforming Care Partnership (TCP) and the Strategic Transformation Plan in conjunction with the Health and Wellbeing Board. Andy Begley, April 2016 onwards.*

**Update:** *Both the BCF and the TCP are subject to ongoing work between the CCG and Adult Social Care. The TCP plan has not yet been signed off by any of the four partners (Telford and Wrekin and Shropshire Council local authorities and Telford and Wrekin and Shropshire CCG's) due to a lack of clarity on the funding available from National Health Service and the subsequent financial risk to the partnership.*

*The BCF is under continual review with CCG colleagues and proposals for the disinvestment of services by the CCG that are included in the BCF have been challenged by Adult Social Care.*

*Public Health to be focussed on short term evidence based cost reducing interventions: Rod Thomson, June 2016*

**Update:** *The preventive programme continues and it has been included within the county's NHS Sustainability and Transformation Plan and in particular with the neighbourhood component of the plan.*

*Overspend on discharge from hospitals is brought under control. Andy Begley, June 2016*

**Update:** *The implementation of a centralised brokerage facility, the use of block contracts, a controlled maximum hourly rate and changes to the Integrated Care Services (ICS) team providing more scrutiny of discharge decisions is controlling expenditure on hospital discharge. However there is still a risk of increased costs due to no additional winter pressures money allocation from the CCG and the disinvestment and reduction by the CCG in re-ablement and discharge to assess beds that have previously been purchased to facilitate hospital discharge.*

**Outcome: The Council is considering devolution opportunities with at least four partners:**

- **The Marches**
- **West Midlands Combined Authorities**
- **Northern Gateway**
- **Middle England Authorities**

**Activities:**

*Involvement in three way discussions, shaping the devolution proposals with Telford and Wrekin and Herefordshire Councils: George Candler, June 2016.*

*Involvement with West Midlands Combined Authorities to understand and be at the forefront of key strategic thinking decision making: George Candler, June 2016.*

**Update:** *Discussions continue although as yet there is no agreement on when to submit the final proposal, as all three local authorities are now non-constituent members of West Midlands Combined Authority (WMCA) and the proposal may subsequently be subsumed into this wider combined authority*

*The Chief Executive attends the regular Board meetings and separate Non-Constituent Council meetings. The Leader also attends the member-led Board. Shropshire has recently contributed to the call for evidence in developing a Land Commission for the WMCA and has also nominated a number of officers and elected members for a number of subsidiary Programme Boards and Working Groups.*

*Partner on the Northern Gateway Partnership to maximise opportunities from the HS2 Crewe station development along the A500 corridor: George Candler, March 2017.*

**Update:** *Discussions on the Northern Gateway Partnership have taken place although not as frequent as is hoped. Shropshire has subsequently made contact with colleagues in Cheshire East (lead authority) to reinforce our commitment to the work and a future discussion is planned on 1st November 2016.*

*Exploring shared opportunities with other adjacent authorities (Staffs CC, Cheshire East, Powys) in areas such as shared services, skills or staff: George Candler, March 2017.*

**Update:** *Discussions with Powys CC have started although a wider LEP approach is also being explored with a meeting planned in November to progress discussions further. Staffs CC and Shropshire have recently shared best practice with one another on Social Capital and developing resilient communities and most recently exploring what the impacts and opportunities there may be on the recent Brexit decision.*

**Outcome: Shropshire Council has maximised all opportunities from the Marches LEP**

**Activities:**

*Development of Local Growth Fund (LGF)3 Bids and submission for funding from the Local Majors Fund to develop an outline Business Case for the North West Relief Road*

**Update:** *LGF 3 Deals have been finalised and two Shropshire specific bids have been put forward by the LEP Board – the Flax Mill and Oswestry Innovation Park. The outcomes of these will be known at the time of the Autumn Statement (23<sup>rd</sup> November).*

*An application was submitted for Local Transport Majors funding for updating the Outline Business Case for the Oxon Link Road on 27<sup>th</sup> July 2016. A decision will be announced around the time of the Autumn Statement (23<sup>rd</sup> November*

**Outcome: There is an Economic Vision and Strategy for Shropshire**

**Activities:**

*Economic Development Needs Assessment being delivered by Oxford Economics*

*Shropshire Council working in partnership with IPPR (North) to co-design the vision and strategy*

**Update:** *Oxford Economics are currently carrying out scenario modelling as part of the Economic Development Needs Assessment. The work will be completed by mid-December. This will form part of the evidence base in preparing the updated Local Plan.*

*The development of a new Economic Growth Strategy is progressing well. Phase 1 (data analysis) and Phase 2 (Stakeholder engagement) have been completed and a first draft of the Strategy has been shared. It is hoped to finalise this by December 2016.*

**Outcome: The Council is communicating where it is going to all stakeholders through an approved Corporate Plan and associated strategies (E.g. workforce and IT).**

**Activities:**

*Completion of Draft Corporate Plan*

*The draft Corporate Plan was presented to Council on the 21 July 2016. Following this it has been out for comment to staff and Members.*

**Update:** *A Scrutiny Task and Finish Group is currently considering a redraft of the Corporate Plan and will be considering the draft Strategic Action Plans which underpin the Corporate Plan and set out the high level actions that will deliver the medium term outcomes and objectives.*

*The Corporate Plan will be presented to Council on the 15 December 2016 for adoption.*

**Outcome: There are clear links between service delivery and the Corporate Plan.**

**Activities:**

*Strategies, policies and service plans reviewed to ensure delivery of Corporate plan*

**Update:** *Although there will be a future version, the draft Corporate Plan, including the high-level outcomes, are available to help inform service and team planning, and strategies and policies are beginning to be amended and adapted. It is planned to have a redraft of the draft Corporate Plan, including the Strategic Action Plans available in November.*

**Outcome:** *The Council's IT Strategy is established and underpins the Corporate Plan.*

**Activities:**

*IT strategy drafted*

**Update:** *IT Strategy to be discussed at Cabinet Directors on 9<sup>th</sup> November 2016*

**Outcome:** *IT solutions and systems have robust controls embedded within them to ensure business continuity in the event of a disaster.*

**Activities:**

*Work completed on IT system controls and reported to Directors on a monthly basis.*

**Update:** *Work is ongoing regarding testing and documenting. Disaster Recovery/ Business Continuity Programme Board has been reinstated and meets on a monthly basis. Recent switch over to back up at Nuneaton was successful.*

**Outcome:** *A balanced budget is achieved and resources allocated and managed effectively within known financial constraints.*

**Activities:**

*Financial Strategy approved and communicated*

*Service plans reflect any proposed changes to budgets and senior managers complete and report on regular budget monitoring reports to Directors*

*Directors provide robust challenge of achievements against the financial strategy.*

**Update:** *Financial Strategy approved by Council in July 2016. This approved savings proposals and identified the funding gap for 2017/18 and 2018/19, which it was proposed be met by use of one-off funds. On 28 September 2016 Cabinet approved one-off funding to balance the budget in 2017/18 and close the funding gap to £2m in 2018/19. All Directors have reviewed and approved their savings plans and in-year monitoring in 2016/17 will identify any pressures that need to be met in future years.*

*No detail is available as to the impact of fair funding in 2019/20 and beyond, hence the current approach approved by Council. The Council has, however, signed up to the Government's four year*

*settlement which provides assurance over the reducing level of RSG plus RSDG and Transition Grant for 2016/17 to 2019/20 financial years.*

***Outcome: Human resources are skilled, knowledgeable and appropriate to deliver the Council's Corporate Plan. Especially in the areas of ICT and commissioning and structural changes aligned to business plans are consulted upon, supported by staff and members, implemented and monitored for effectiveness.***

***Activities:***

*A Workforce Strategy is in place to complement and deliver the Corporate Plan.*

***Update:*** *Leadership programme, succession planning programme and talent management programmes agreed in principle with Directors and Cabinet. Fully Draft programme to be presented to Directors in November.*

*Second Wellbeing day planned for mid-November. Absence monitoring reports highlighted to directors with actions to identify hot spots and appropriate interventions. Reporting back to Directors in December.*

*Relationship with Trade Unions has improved and, whilst this remains a risk, the level of risk has reduced.*

***Outcome: Adults and children are safeguarded. There are supporting governance arrangements and processes in place and consultation with key stakeholders.***

***Activities:***

*Performance measures are under development for inclusion in an annual adult safeguarding report*

***Update:*** *Statutory performance data was submitted for the safeguarding adult return (SAR). Further local performance measures are being developed to monitor activity and provide qualitative information on safeguarding risks.*

- 5.7 Members will see from the above that progress is being made under each of the outcomes identified within the AGS and resources continue to be focused on their delivery.

**List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)**

- Audit Committee Report June 2016: Annual Governance Statement (AGS) and review of the effectiveness of the Council's system of internal controls 2015/16
- CIPFA/SOLACE - Publication - Delivering good governance in local government. Guidance note for English Authorities and Framework, 2007

- CIPFA: Delivering Good Governance in Local Government: Framework Addendum 2012
- Accounts and Audit Regulations 2015.
- Application Note to Delivering Good Governance in Local Government: A Framework CIPFA/SOLACE (March 2010)
- International Framework: Good governance in the Public Sector: International Federation of Accountants and CIPFA, July 2014

**Cabinet Member (Portfolio Holder)** Malcolm Pate (Leader of the Council) and Tim Barker (Chairman of Audit Committee)

**Local Member** N/A

**Appendices** None