

## Appendix C: Significant governance issues

To ensure services are delivered to acceptable standards whilst achieving the budget savings required and managing strategic risks, the Council as planned in the ***Annual Governance Statement 2017/18***, during 2018/19 strived to achieve and delivered the following outcomes:

Targeted outcome 1	<b>Services review, identify and deliver efficiency savings, financial assumptions become more refined and budget plans are in place to deliver services within the resources available.</b>
Strategic Risk	High: Sustainable Budget: Inability to ensure income exceeds expenditure for the years 2019/20 and beyond for outcomes to be delivered.
Activity 1.1	<p>James Walton February 2019  Continual review of the Financial Strategy, approved by Council 22 February 2018, as part of existing processes and annual budget setting and development of detailed implementation plans.</p> <p>James Walton (Tim Smith) September 2018  Capital Strategy to clarify outcomes and help prioritise investment opportunities</p>
March 2019 update	<p>Financial strategy for 2019/20 approved on 28 February 2019 covering Stages I and II of Financial Strategy Process. £18.5m savings proposed, requiring £2.5m of reserves to deliver a balanced budget for one year only. 2020/21 awaiting outcome of fair funding<sup>1</sup> (Stage III of Financial Strategy will set out our savings proposals) – funding gap £35m (growing by £8m per year thereafter) with only £23m of one-off funding identified to close gap.</p> <p>Capital Strategy approved by Council 28 February 2019. Will be refined over the next twelve months to more accurately align with other key Council Strategic documents.</p>
Activity 1.2	Gemma Davies April 2018 “Hopper” approach rolled out to all projects, with strengthened senior management and Member involvement.
March 2019 update	Complete. Sessions held with staff. System is now being used for all new capital projects and is embedded across services. Cabinet members have been briefed on system and individual cabinet members are being updated through briefings. A regular highlight report from Strategic Programme Officer Group(SPOG) is presented to the Capital Investment Board.
Activity 1.3	Clive Wright (Tim Smith) February 2019 Generate plans to deliver £15 million of additional income per annum by investing £300 million at an average gross ratio of at least 10% and net return of at least 5%.
March 2019 update	A net return of 5% is proving difficult to achieve in the current financial climate. The total projected capital investment for income generating schemes is £100.6 million, with a net yield of 4.5%. This means that we are about half way to achieving our net income target of £7.5 million (over ten years). In February 2019, the Council approved plans to establish a wholly owned housing company.

<sup>1</sup> Aimed at designing a new system for allocating funding between councils

	The Commercial Strategy plans need to be updated to reflect this and other new opportunities. This strategy will be linked to the Capital Strategy and actioned by Tim Smith
<b>Targeted outcome 2</b>	<b>The workforce requirements are met by a sustainable source of people resources, flexible enough to reflect the changing needs of the Council.</b>
<b>Strategic Risk</b>	High: Staffing: Inadequate retention and recruitment of experienced and qualified staff results in insufficient capacity and experience to sustain Council's service provision.
Activity 2.1	Clive Wright May 2018 Revise Pay Policy
March 2019 update	Pay policy has been reviewed and revised.
Activity 2.2	Clive Wright June 2018 New commercial structure being implemented to include the requisite skills and experience along with services and resource contracted in to help deliver the high priority projects.
March 2019 update	Not yet in place. A commercial team is being recruited by the Director of Place. Recruitment and retention issues are being experienced in Children's Services. Additional HR support has been made available. Children's Services will prepare a recruitment and selection strategy as identified in the recent Financial Peer Review of Children's Services
<b>Targeted outcome 3</b>	<b>Staff are healthy and happy in the workforce and therefore perform to a high standard.</b>
<b>Strategic Risk</b>	High: Work Related Stress: Increases in work related stress impacts the ability to deliver Council outcomes.
Activity 3.1	Michele Leith December 2018 Strengthen staff engagement and recognition to support the culture required to deliver transformation. Policy change regarding sickness absence
March 2019 update	A staff survey has been conducted. A significant amount of work continues around work related stress and staff wellbeing. Initiatives are planned throughout the coming year. In addition, detailed analysis of the staff survey results will be undertaken to concentrate activity where it is considered most benefit can be gained.
<b>Targeted outcome 4</b>	<b>Adults are safeguarded to the highest standards</b>
<b>Strategic Risk</b>	Medium: Failure to Safeguard Vulnerable Adults: Failure to safeguard adults with care and support needs including adhering to legislation in relation to DoLs <sup>2</sup>
Activity 4.1	Andy Begley September 2018 Reduce further growth in costs in Adult Social Care through innovation and prevention.

<sup>2</sup> Deprivation of Liberty Safeguards (DoLS) are part of the Mental Capacity Act 2005. The safeguards aim to make sure that people in care homes and hospitals are looked after in a way that does not inappropriately restrict their freedom.

March 2019 update	Current demand for services is high. Early intervention and prevention continues to be developed through social prescribing and community co-ordinators. It remains a 'key-stone' of the Adult Social Care model in Shropshire, it continues to impact positively on demand management; reducing increases in costs. BCF3 funding is used to deliver both provision and prevention, with the emphasis on delivering maximum value from each pound spent, again contributing to demand reduction and better use of resources. Adherence to revised DoL's legislation confirmed. (Shropshire Council officer is national lead)
Activity 4.2	Andy Begley December 2018 New Social Care system.
March 2019 update	New system implemented, Liquid Logic, linking case information across children's and adults
<b>Targeted outcome 5</b>	<b>Children are safeguarded to the highest standards</b>
Strategic Risk	Medium: Failure to Safeguard Vulnerable Children: Failure to safeguard vulnerable children and meet the recommendations of Ofsted.
Activity 5.1	Karen Bradshaw September 2018 Reduce further growth in costs in Children's Social Care through innovation and prevention.
March 2019 update	Current demand for services is high with an increasing number of looked after children and children subject to a child protection plan. This increase in demand is increasing social worker caseload size in some teams. Recruitment and retention of social workers is a key priority for the service. Retention payments have just been agreed for those teams where we struggle to recruit. Ofsted Action plan is now concluded. Joint Targeted Area Inspection (JTAI) identified progress against Ofsted recommendations. JTAI Action Plan now in place.
Activity 5.2	Karen Bradshaw November 2018 New Social Care system
March 2019 update	Liquid Logic now in place and is supporting effective social work practice. Managers Matrix is in place which enables managers to track timeliness of work in their teams. Robust Quality Assurance Framework in place which identifies any practice issues.
<b>Targeted outcome 6</b>	<b>Improved business processes with embedded controls providing enhanced access to customers, better service delivery to clients and business continuity in the event of a disaster.</b>
Strategic Risk	Deleted: Digital Transformation Programme: Failure to implement the Digital Transformation Programme within planned timescales to provide ICT solutions to support business applications and benefits realisation.
Activity 6.1	Michele Leith November 2018 Continue to review and address resource requirements

<sup>3</sup> Better Care Funding: Is a programme spanning both the NHS and local government which seeks to join-up health and care services, so that people can manage their own health and wellbeing, and live independently in their communities for as long as possible.

March 2019 update	As this phase of transformation is delivered we are working with Directors on defining a new programme and board structure to ensure new business processes are designed and implemented.
Activity 6.2	James Walton October 2018 Go live with ERP incorporating Finance, HR and Payroll systems
March 2019 update	Programme Plan for ERP identified need to review business recourse and challenge performance of suppliers – led to revised go live date of 1 April 2019.
Activity 6.3	Michele Leith April 2019 Reduce the cost of service provision by 50% from £20 million to £10 million using the tools delivered through Digital Transformation. This includes changes to working practices, processes and methods
March 2019 update	Savings target implementation delayed by twelve months, but £1.7m transformation savings brought forward to 2019/20. No plan yet drawn up for delivery of remainder of savings target from April 2020.
Activity 6.4	Michele Leith April 2019 Develop more detailed implementation plans to provide assurance that the proposals are achievable particularly in the short term i.e. 2018/19 and 2019/20.
March 2019 update	Savings target implementation delayed by twelve months, but £1.7m transformation savings brought forward to 2019/20. No plan yet drawn up for delivery of remainder of savings target from April 2020.
<b>Targeted outcome 7</b>	<b>Increased pressures on social and health services are known and managed in the most effect way within budget provisions.</b>
Strategic Risk	Medium: Health and Social Care: Failure of the STP <sup>4</sup> to deliver transformation and integration of Health and Social Care and the subsequent impact on managing demand and cost across the economy.
Activity 7.1	Rod Thomson/ Andy Begley September 2018 Determine the Council's future role with Health and the STP
March 2019 update	Independent STP Chair now in post, Clive Wright and Andy Begley attending Senior Leadership Group to influence and shape development. Council looking for a more central role in relation to place planning and integration.
<b>Targeted outcome 8</b>	<b>A clear long-term budget is identified allowing for certainty in the delivery of future services.</b>
Strategic Risk	High: Future Funding Levels: Lack of clarity from Central Government on the future funding levels and changes to Local Government powers and financing, plus increased uncertainty re: local resources which inhibits the ability to calculate future budgets (including funding methodology)
Activity 8.1	James Walton April 2020 Central Government Funding mechanism reviewed as it emerges and financial plans adopted to meet these requirements within the timescales allowed.

<sup>4</sup> Sustainability and transformation partnerships (STPs); were created to bring local health and care leaders together to plan around the long-term needs of local communities.

March 2019 update	Fair Funding consultation responded to in February 2019 with next round expected in summer/autumn 2019. Fair Funding exemplifications expected autumn 2019. Stage III of Financial Strategy to be resolved over same timescales.
<b>Targeted outcome 9</b>	<b>The public are confident in the delivery of Council services.</b>
Strategic Risk	Very Low: Reputation: Loss of reputation and public confidence in the Council by failing to meet public expectations and identified need.
Activity 9.1	Michele Leith (Andrew Boxall) November 2018 Communications strategy produced for review by Directors. Celebrate success. Define and develop the Council's reputation and brand. Plan cohesively all communications and marketing.
March 2019 update	Communication strategy underway
<b>Targeted outcome 10</b>	<b>Contracts are well managed and maximum impact is obtained.</b>
Strategic Risk	Low: Contract Management: Inconsistency within contract management and monitoring results in failure to support our outcomes.
Activity 10.1	Michele Leith (Tom Dodds) September 2018 Ensure that data and intelligence requirements are identified and set out in contracts. Review of current contracts and grants from across the Council (costs, measures and monitoring arrangements). Establish and embed provider complaints reporting requirements within all contracts and implement an IT solution which enables providers to log the complaints they receive with the Council's complaints system. Put in place arrangements to identify, record and address issues relating to adult safeguarding referrals which are not taken forward as safeguarding investigations, but should be taken as a complaint.
March 2019 update	Data and intelligence requirements are being built into contracts as they are developed. The most recent area of work is in the Independence and Wellbeing (Prevention) contract which is coming in to place. This is an ongoing area of focus for the Council and will need to continue to be implemented as commissioning takes place. Provider complaints reporting has been built into all contracts. An awareness and training session for ASC providers was delivered in the autumn and was well received. There is a good working relationship between the Customer Feedback team and Adult Social Care Safeguarding. Non-section 42 referrals are shared with the team to be investigated as a complaint.
<b>Targeted outcome 11</b>	<b>Strategies deliver outcomes that support the overall direction of the Council</b>
Strategic Risk	Low: Delivery of Key Corporate Strategies: Failure to deliver key corporate strategies (i.e. Commercial and Economic Growth) prevents the Council from meeting the corporate outcomes.
Activity 11.1	Michele Leith (Tom Dodds) December 2018

	Develop, review refresh strategies for: The Council's specific priorities and outcomes, communicate them and focus resources accordingly as part of the new Corporate Plan 2019/20 onwards.
March 2019 update	A few away day sessions have been held with Directors and several strategies including the ICT, Data, Capital, Workforce and Financial Strategy are being or have been reviewed in line with the new priorities in the Corporate Plan. The Commercial Strategy is to be reviewed after an unsatisfactory Internal Audit review.
Activity 11.2	Clive Wright (Tim Smith) December 2018 Develop, review refresh strategies for: Consolidate our Estate through the 'One Public Estate' Programme
March 2019 update	The Council's new Corporate Plan was agreed at Council in December 2018. It sets out the Council's new vision and priorities including their underpinning themes. The Corporate Plan has been communicated to staff and members, including most recently in the staff newsletter (March 2019) ahead of the plan coming into place on the 1 April 2019. The new measures for the performance management framework are being finalised with directors and members, and will include key milestones for the delivery of strategies and projects. Key strategies such as the Economic Growth Strategy are tied into the Corporate and is underpinned with a strategic action plan, and a new rural/place strategy will be developed in 2019/20. Plans to consolidate more staff at the Shirehall will proceed after work required by new Fire Safety regulations are completed. Council agreed in December 2018 to proceed to stage 3 of the Shirehall redevelopment project. This is the point of tender appraisal which will include the developed design and planning application and Part RIBA <sup>5</sup> Stage 4. This sets out the detailed design and employer's requirements enabling the procurement of the main contractor. A final decision report will be considered by council having received the results of the tender appraisal and the officers' recommendations associated with this. More work has been done on mobile/agile to ensure that less space is needed by the Council overall and this is now being accelerated. The Adult Social Care team at Ptarmigan have strongly adopted mobile/agile and plan to vacate the building.
Targeted outcome 12	<b>Well managed Council demonstrating all the qualities of an excellent public body, showing accountability, transparency, integrity, openness in line with all the Nolan principles.</b>
Strategic Risk	Medium: Governance: Failure of individuals to adhere to governance policy and procedures results in an increased risk of fraud, corruption and inappropriate use of resources (assets, buildings, finance, people)
Activity 12.1	Claire Porter December 2018 Review of constitution by Constitution Working Group including several council policies.
March 2019 update	Protocols were reviewed in October 2018
Activity 12.2	Clive Wright December 2018 Strengthen the investment in the joint Cabinet/Senior Management Team to help deliver improved outcomes and model the desired culture. Adopt a whole Council approach.

<sup>5</sup> The RIBA Plan of Work 2013 organises the process of briefing, designing, constructing, maintaining, operating and using building projects into several key stages. The content of stages may vary or overlap to suit specific project requirements. Stage 4 is technical design.

March 2019 update	Weekly meeting between Cabinet and Directors take place with 'Away Days' in addition.
Activity 12.3	Claire Porter February 2019 Develop a package of training and development opportunities for Cabinet Members to undertake if they so wish.
March 2019 update	A suite of training has been developed on the e learning tool, Leap into Learning for Members, e.g. GDPR <sup>6</sup> . Work is ongoing to support members with familiarity and navigation of the site.
<b>Targeted outcome 13</b>	<b>IT systems work effectively and efficiently allowing service delivery to be on time, accurate, safeguarding data and beneficial to all users.</b>
Strategic Risk	Medium: ICT Provision: Failure of existing ICT provision (infrastructure, systems, services and support) could result in significant impact on service delivery and disruption to business activities.
Activity 13.1	Michele Leith (Andrew Boxall) July 2018 IT adopt the best practice methodology of ITIL <sup>7</sup> to improve their service. This work is being complimented by a restructure, which will ensure the right roles are in place to offer a first-class IT service. The restructure will consider the requirements of Digital Transformation, both immediate and foreseeable.
March 2019 update	A restructure of the IT department has now come to fruition, with most senior roles now in post. This change was fuelled by the best practice IT management methodology of ITIL, specifically the process of capacity management which scopes the skillsets required to fulfil the services needed by customers, both now and in the future. This change is helping the IT department to react to new service requirements whilst continuing to deliver the existing core requirements of the Council and other customers. Another key shift is moving from what could be considered a reactive model to increasingly proactive. Taking ITIL's central theme of Continuous Service Improvement (CSI) the department have moved to what has been dubbed an Outcome based approach – seeking problems from customers that can be addressed with technology. This, combined with an improved approach to training and support, is upskilling the workforce, which in turn will help ensure service provision whilst identifying opportunities to achieve beneficial outcomes using technology.
Activity 13.2	Michele Leith (Andrew Boxall) April 2019 Digital Transformation will deliver the tools needed for the Council to work differently, all of which will be implemented on robust and tested platforms.
March 2019 update	There has been a significant amount of learning from the recent mobile agile working pilots and we are using this information to target roll out of these tools. The new suite of Microsoft tools is being deployed across the organisation, face to face training session and e-learning modules are being delivered to support upskilling the workforce. The IT Business partners are now in place and will be working with directorate management and service teams to demonstrate the potential uses of the new tools supporting the deployment. Microsoft teams, One Drive and Sharepoint are priorities now.

<sup>6</sup> The General Data Protection Regulation (GDPR) is a legal framework that sets guidelines for the collection and processing of personal information from individuals who live in the European Union

<sup>7</sup> Information Technology Infrastructure Library, is a set of detailed practices for IT service management (ITSM) that focuses on aligning IT services with the needs of business.

<b>Targeted outcome 14</b>	<b>A clear plan of action for the Council and delivery against this is demonstrated by all parties.</b>
Strategic Risk	Medium: Strategic Vision and Strategy: Failure to clearly articulate the strategic vision and strategy for the Council results in inability to deliver outcomes.
Activity 14.1	Clive Wright More detailed implementation plans to provide assurance that the proposals are achievable particularly in the short term i.e. 2018/19 and 2019/20. See actions for 1 and 11
March 2019 update	The Council approved the new Corporate Plan and Priorities at its meeting in February 2019. The Plan and Priorities have been communicated to staff and Members, but it is acknowledged that this needs to be delivered in a variety of ways and on an ongoing basis. Delivery Plans (Outcomes Plans) for 2019/20 and beyond are now being prepared
<b>Targeted outcome 15</b>	<b>To minimise any economic impact that Brexit may have on the Shropshire economy.</b>
Strategic Risk	Medium: Economic Impact of Brexit: Potential impacts on Shropshire's economy need to be further explored for the level of risk at a macroeconomic level to be further understood. At present, much of the evidence is anecdotal but officers are aware of some investment decisions being affected and some sectors could be more vulnerable (for example agriculture, food and drink).
Activity 15.1	Clive Wright (Gemma Davies) December 2018 Strengths Weaknesses Opportunities and Threats (SWOT) analysis in place and updated when more information available. Review EU funding programme and resource needs. Discussions with LEP <sup>8</sup> and DCLG <sup>9</sup> to identify opportunities
March 2019 update	Regular dialogue with MHCLG <sup>10</sup> through LEP management group (monthly). BEIS <sup>11</sup> survey and supporting guidance and information for businesses on Shropshire Marches Growth Hub website. Events and seminars held via Growth Hub. Weekly reporting in place through Emergency Planning. EU funding is being delivered in accordance with Govt. timetable. Resources have been addressed. Evidence gathered through cross member task and finish group – have engaged with external organisations including NFU <sup>12</sup> , Dept. for International Trade and Chamber of Commerce. Brexit preparations are as developed as they can be given the levels of uncertainty on timing and impact. Weekly meetings take place as part of the Local Resilience Forum. The Emergency Planning Team are coordinating our Brexit response on an ongoing basis. The Economic Development Team are working with the Business Board and Chamber of Commerce to understand issues, provide advice and to signpost to information.

<sup>8</sup> Local enterprise partnerships (LEPs) are voluntary partnerships between local authorities and businesses set up in 2011 by the Department for Business, Innovation and Skills to help determine local economic priorities and lead economic growth and job creation within the local area.

<sup>9</sup> Department for Communities and Local Government

<sup>10</sup> Ministry of Housing, Communities and Local Government (MHCLG)

<sup>11</sup> The Department for Business, Energy and Industrial Strategy (BEIS)

<sup>12</sup> National Farmers' Union.