

26 SEPTEMBER 2022

ANNUAL GOVERNANCE STATEMENT - UPDATE

SUMMARY:

This report describes the work carried out towards the implementation of the actions defined within the Annual Governance Statement, which was presented to this Committee in March 2022.

RECOMMENDATION:

Members are requested to:

- i. Note the progress towards the implementation of the actions detailed within the Council's Annual Governance Statement.

1 Introduction

- 1.1 The Council is required by the Accounts and Audit Regulations 2015 to prepare and publish an Annual Governance Statement (AGS). Reporting publicly on the extent to which we comply with our own Local Code of Corporate Governance including how we have monitored the effectiveness of our arrangements in the year and on any planned changes to our governance arrangements in the coming year. The AGS was reported to this Committee on 28 March 2022.
- 1.2 The review of the effectiveness of the Council's governance framework in 2021/22 identified areas for improvement to be actioned during 2022/23, which included the carried forward actions from the 2019/20 & 2020/21 AGS. The progress against these actions is detailed within this report.

2 Progress towards actions within the Annual Governance Statement (AGS)

- 2.1 Members considered the AGS report (AUD22/08) which included a number of actions to be implemented during 2022/23 in response to Governance improvements identified in the AGS 2021/22.
- 2.2 The table below details the progress to date of items carried forward:

Actions outstanding from 2019/20


Action from 19/20 AGS	Original target date	Last update from March 2022	Revised target date	Update September 2022	Revised target date	Direction of travel
<p>Implementing a Capital Strategy to comply with the revised Prudential Code and the Treasury Management Code of Practice (b/f from previous year):</p> <p>Finalise development of the Asset Management Strategy which supports the approved annual Capital Strategy</p> <p>(Executive Head of Finance)</p>	December 2020	Issues regarding Capital and Investment need to be considered in the light of the overall Capital Strategy, Treasury Management Strategy and Asset Management Plan. The need for a separate Capital and Investment Strategy given the Council will purchase for regeneration or invest into its existing Portfolio is now questioned. This will be reviewed following completion of the Asset Management Plan	July 2022	<p>The Capital Strategy is approved by Council each year in February.</p> <p>The current Capital Strategy will be reviewed in light of any further capital expenditure decisions.</p> <p>Detailed Asset Management plans covering the Council's property assets will be included in the 2023/24 Capital Strategy.</p> <p>Detailed work has been undertaken by the Property Team over Q1 and Q2 of 2022/23 with the final version of the plan due in Q3.</p>	December 2022	 Progress


Actions outstanding from 2020/21


Action from 20/21 AGS	Original target date	Last update from March 2022	Revised target date	Update September 2022	Revised target date	Direction of travel
<p>The Council faces a significant funding gap over the Medium-Term Financial Strategy period.</p> <p><i>(Executive Head of Finance & ELT)</i></p>	December 2021	<p>Council approved the 2022/23 Revenue Budget and considered the MTFS at their meeting on 24 February 2022. The budget and MTFS included CREP opportunities with savings of £478k identified for 2022/23.</p> <p>The MTFS shows a significant funding gap remains across the MTFS and the Budget report to Council outlined the approach to be taken with the Savings and Transformation Programme (STP) to address the funding gap.</p>	July 2022	<p>The inclusion of this item as a significant governance issue in the 2020/21 AGS was due to the emerging funding gap identified in the February 2021 and the need for clear Governance actions around the mitigating measures.</p> <p>At the time of the 2020/21 AGS the Council was developing a centrally controlled and consistent approach to its savings programme – in terms of identification, approval, and monitoring. Governance around the programme was seen as a key part of the design phase to ensure greater clarity on the value and timing of savings delivery.</p> <p>The CREP programme design was agreed by ELT and Cabinet in March 2021 and moved into the delivery phase in April 2021.</p> <p>In January 2022 CREP and ICE programmes were merged with the Savings and Transformation (STP) Programme being repositioned to ensure savings and efficiencies were</p>	N/A	Completed



Action from 20/21 AGS	Original target date	Last update from March 2022	Revised target date	Update September 2022	Revised target date	Direction of travel
				<p>delivered alongside any transformation work.</p> <p>For the purposes of the AGS Actions list, the Governance issues identified in the 2020/21 AGS have been completed. The issue of the funding gap and the Council's continued financial sustainability remains but is outside the scope of the AGS Update.</p> <p>CREP/STP Savings of £478k have been included in the budget for 2022/23 and is on target.</p> <p>As reported to Cabinet in August, the Council is facing significant external economic pressures in the current financial year which will have an impact on the forecast funding gap.</p> <p>An in-year budget savings exercise is being undertaken to mitigate the impact on the 2022/23 revenue budget.</p> <p>Cabinet will receive the 2023/24 Budget Strategy and MTFs update report in October 2022 which will include a review of the prospects for 2023/24 and the medium-term</p>		


Actions outstanding from 2021/22

Action from 21/22 AGS	Original target date	Last update from March 2022	Revised target date	Update September 2022	Revised target date	Direction of travel
<p>Information Security Policy to be broken down is to different subject areas</p> <p><i>(Information Governance Officer and IT Services Delivery Manager)</i></p>	June 2022	To develop a range of policies focussing on agreed subject areas which will make it easier for staff and members to understand and apply. Aim is to use the DWP government policies as templates to provide more focused and shorter policies on each subject area, agreeing which policies Rushmoor needs to adopt and make changes that apply to Rushmoor via IGG workshops. These policies will then need to be endorsed by Governance Group and signed off at ELT.	N/A	<p>Policies have been grouped together – first set have all been reviewed and commented on over the summer. A number of actions that needs further discussion initially at Information Governance Group (IGG) has been drawn up as a result of these policy reviews. IGG did not meet over the summer period as no Information Governance Officer was in post. New incumbent starts in September 2022 so IGG meetings can be arranged for the specific actions resulting from the policy reviews. The 10-week pilot regarding Office 365 governance is yet to commence due the absence of an IGO. Once this is complete and the outcomes of the pilot work are known, the relating policies can be reviewed and updated.</p>	<p>Group 1 policies – first review complete</p> <p>Group 2 policies review – tbc</p> <p>Resulting actions for IGG to be discussed at IGG in September 2022 with a view to reviewing groups of policies.</p>	 Progress

Action from 21/22 AGS	Original target date	Last update from March 2022	Revised target date	Update September 2022	Revised target date	Direction of travel
Office 365 governance set-up <i>(Information Governance Officer and IT Services Delivery Manager)</i>	June 2022	<p>When Office365 was implemented across RBC governance policies were not develop and applied which needs rectifying. The main aim of this to ensure that the Council's data is protected, retained and handled appropriately.</p> <p>Currently engaging with Silversands to provision a set of activities for a Data Protection Pilot to help focus on how to control sharing of a sample data set stored in Office365, assisting in the definition of internal policies providing technical advice and design of technical controls to implement agreed policies. In addition to provision a set of activities for an Information Governance Pilot that will help to focus on retention requirements for a sample data set from the pilot department which will assist in the development of a corporate retention policy and to map this policy to technical controls available in Office365.</p>	N/A	Pilot service identified (Benefits). Start date to be agreed after new Information Governance Officer starts in September 2022 who will lead and co-ordinate this work.	TBC	 No change. Information Governance Officer resourced and will progress this action

Action from 21/22 AGS	Original target date	Last update from March 2022	Revised target date	Update September 2022	Revised target date	Direction of travel
		Outcomes of these pilots can then be assessed and applied across the rest of RBC, if agreed.				
Improving the robustness of estimates for schemes being considered for inclusion in the capital programme <i>(Executive Head of Finance)</i>	July 2022 (with adoption as part of the 2023/24 Budget Strategy October 2022)	The Executive Head of Finance will lead on the Council's Capital Programme planning process to ensure estimates of future capital expenditure are robust, to maintain the affordability of capital expenditure, revenue impacts are fully considered including mitigation of cost pressures.	N/A	<p>Robust estimates are in place for schemes being considered for inclusion within the capital programme.</p> <p>A review of the capital programme planning process will be considered by the Interim Executive Head of Finance as part of the budget setting planning process for 2023/24.</p>	N/A	Completed
Compliance with the CIPFA Financial Management Code <i>(Executive Head of Finance)</i>	March 2022	An assessment by the Executive Head of Finance against the CIPFA FM code is planned for March/April 2022	N/A	This will commence in September 2022 and was delayed due to ongoing recruitment and changes in roles within the finance team.	October 2022	 No change but further action planned

Action from 21/22 AGS	Original target date	Last update from March 2022	Revised target date	Update September 2022	Revised target date	Direction of travel
<p>External Audit have yet to provide an opinion for the 2019/20 or 2020/21 accounts.</p> <p><i>(Executive Head of Finance)</i></p>	November 2021 & October 2022	The external audit opinion has not yet been received. Expectation is this would be provided by June 2022.	June 2022	<p>The audit opinion for 2019/20 is expected in October 2022.</p> <p>Walkthrough tests were undertaken by external audit in August 2022 with a wider review of the audit workplan required once the opinion for 2019/20 has been received.</p> <p>Therefore, it is expected there will be a delay in the external audit of the 2020/21 and 2021/22 financial statements.</p>	October 2022	 No change
<p>Ensuring comprehensive compliance around cyber security in line with the guidelines provided by the National Cyber Security Centre.</p> <p><i>(Head of IT)</i></p>	October 2022	Enhancing our Cyber security Strategy and formalisation of a cyber security action plan. This is being actioned by the Cyber Security Treatment Plan.	N/A	2022 Annual PSN compliance achieved; 2023 compliance work planned. DLUHC Cyber Treatment Plan part 1 implemented, part 2 work linked to LGA Cyber Security 360 Peer Review (planned for w/c 14 November 2022). Internal Cyber Security Audit scheduled for October 2022. Members Cyber Security Briefing scheduled for 20 September 2022.	N/A	 Progress

Action from 21/22 AGS	Original target date	Last update from March 2022	Revised target date	Update September 2022	Revised target date	Direction of travel
Ensuring compliance with the mandatory elements of the Local Government Transparency Code <i>(Assistant Chief Executive, Information Governance Officer and relevant Heads of Service)</i>	July 2022	Relevant services to carry out the necessary work to ensure that the mandatory elements of the transparency code are appropriately published as required. The Corporate Governance Group will have oversight to ensure that this is implemented.	N/A	Changes to the Council website to increase transparency of this information will be introduced in September.	October 2022	 Progress

2.3 Services have balanced the impact of the Covid-19 pandemic and other external factors to achieve progress on the actions detailed within the AGS 2019/20, 2020/21 and 2021/22.

AUTHOR: David Thacker, Interim Audit Manager
 01252 398810
david.thacker@rushmoor.gov.uk

HEAD OF SERVICE: David Stanley, Executive Head of Financial Services

References:

- *Annual Governance Statement 2019/20 – reported to LA&GP Committee 28 July 2020.*
- *Annual Governance Statement 2019/20 – update report to LA&GP Committee 23 November 2020.*
- *Annual Governance Statement 2020/21 – reported to CGAS Committee 27 September 2021*
- *Annual Governance Statement 2020/21 – update report to CGAS Committee 28 March 2022*
- *Annual Governance Statement 2021/22 – reported to CGAS Committee 28 March 2022*