

LICENSING, AUDIT AND GENERAL PURPOSES COMMITTEE

AUDIT MANAGER 23RD NOVEMBER 2020
REPORT NO. AUD 20/09

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 July 2020.

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 the 28th July 2020.
- 1.2 The review of the effectiveness of the Council's governance framework in 2019/20 identified areas for improvement to be actioned during 20/21, which included the carried forward actions from the 2018/19 AGS. The progress against these actions are detailed within this report.

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

- 2.1 Members considered the Annual Governance Statement report (AUD20/07) which included a number of actions to be implemented during 2020/21 in response to Governance improvements identified in the AGS 19/20.
- 2.2 The table below details the progress to date.

<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>October 2019</p> <p><i>Revised date:</i> December 2020</p>	<p><u>November 2019</u> The asset management plan was approved by Council in October 2019. Currently work is underway with the Executive Head of Finance to profile the spend on assets required in order to support the income generation. Actions within the asset management plan are currently on hold until the appropriate staff structure is in place to support the plan.</p> <p><u>March 2020</u> This has not been progressed due to other priorities regarding major projects and general management of the estate following staff changes. It will be carried out during 2020.</p> <p><u>October 2020</u> An Asset Management Strategy is being developed based on the Asset plans reported through the quarterly monitoring to PIAG. This will cover the significant commercial property assets, with additional work required in Q3 2020 to include non-commercial assets.</p>
<p>Development of formalised reporting criteria (financial and non-financial measures) in relation to the Council's Investment Property portfolio</p>	<p>September 2019</p> <p><i>Revised date:</i> March 2020</p> <p><i>Revised date:</i> December 2020</p>	<p><u>November 2019</u> An external provider LSH, have carried out a review of investments within the Council. A workshop is being carried out with Members to review the proposals for consideration from LSH, including the set up of a property investment board. LSH will be formalising a framework and criteria for investments based on the Council's current portfolio.</p> <p>Progress has been made towards the implementation of this. However, further work is still ongoing and therefore the target date has been put back to March 2020.</p> <p><u>March 2020</u> The first review of the commercial investment assets has been reported to</p>

	<p>Revised date: March 2021</p>	<p>PIAG with this now programmed quarterly.</p> <p><u>October 2020</u> Q2 reporting to PIAG in September 2020.</p> <p>Further work on the wider Council debt monitoring process is being undertaken led by Executive Head of Finance. Due Q4 2020.</p> <p>The Overview and Scrutiny Committee reviewed the Property Investment Portfolio in October.</p>
<p>Due to the Covid-19 pandemic the number of staff working from home remotely has substantially increased therefore increasing the information risk exposure this creates for the Council.</p> <p><i>The increase in information risk exposure due to home working will be reviewed by the Information Governance Group.</i></p> <p><i>The information governance policy has been implemented and mandatory online training will be put in place.</i></p>	<p>Dec 2020</p>	<p><u>October 2020</u> The Information Governance Officer has updated the Information Security Policy and guidance to staff on working from home is available on the Intranet. Mandatory training is mitigating the risk as well as regular messaging to staff and managers. As we move forward to full adoption of the Office 365 suite and the systems upgrades through the ICE project information security will be strengthened.</p>
<p>Concerns have been raised regarding the Council's systems and procedures for recording and monitoring commercial property (rental) income.</p> <p><i>Timetable for implementation of Property System and review of the Finance system processes (Sales Ledger) will need to be agreed.</i></p>	<p>Dec 2020</p> <p>Revised date: March 2021</p>	<p><u>October 2020</u> Further work on the wider Council debt monitoring process is being undertaken led by Executive Head of Finance. Due Q4 2020.</p>
<p>The Council faces a number of significant changes that will require consideration and action as appropriate in 20/21.</p> <p><i>An ongoing assessment of the impact of the Covid-19 pandemic on council services and council systems will be needed to ensure good governance. This is being approached with a number of workstreams, which are led by a member of Senior Management.</i></p> <p><i>The streams will assess the risks and develop tactical plans. Updates on the work</i></p>	<p>Ongoing</p>	<p><u>October 2020</u> The Council's Covid arrangements mirror those of the LRF and remain in place. Namely, a strategic Gold Group supported by an operational Silver Group with regular updates being provided to Members through a range of methods including a series of "Member Live" events.</p>

<p><i>being carried out by these workstreams will be regularly provided through the Corporate Management Team normal performance monitoring process.</i></p> <p><i>Furthermore, the Chief Executive has created a new Assistant Chief Executive role to provide support at a senior level in relation to:</i></p> <ul style="list-style-type: none"> • <i>Policy</i> • <i>Strategy</i> • <i>Risk (Becoming the Senior Risk Officer (SRO))</i> • <i>Emergency Planning and Business Continuity</i> • <i>Covid-19 Recovery</i> • <i>Performance</i> 	<p>Recruitment July/Aug 2020</p> <p>Implemented</p>	<p>The financial challenges are regularly considered both by officers and the Cabinet and also the Budget Strategy Working Group. Members are also briefed through the live events mentioned earlier.</p> <p>Workstreams are now business as usual through the relevant Heads of Service and work is ongoing.</p> <p><u>October 2020</u></p> <p>New ACE appointed and starts with the Council on the 19th October 2020.</p>
<p>Continue to act commercially in a more uncertain economic environment which will require revised assessment analysis appraisal to be carried out for the risk and return.</p> <p><i>Consideration will be given by the Finance and Commercial Recovery workstream to ensure there is synergy between the commercial way forward and the objectives of the recovery workstream.</i></p>	<p>Dec 2020</p>	<p><u>October 2020</u></p> <p>Appointment of Commercial Manager confirmed September 2020. Budget Strategy report to Cabinet (October 2020) set out the way in which the 2020/21 budget will be approached in light of Covid-19 pressures. Further report to Cabinet in December 2020.</p>
<p>External Audit have yet to provide an opinion for the 2018/19 accounts.</p> <p><i>The Executive Head of Finance will ensure that the necessary information is provided to the external auditors to enable them to finalise their opinion on the 18/19 accounts.</i></p>	<p>July 2020</p> <p><i>Revised date:</i> November 2020</p>	<p><u>October 2020</u></p> <p>As reported to LA&GP in September 2020, the final version of 2018/19 Statement of Accounts and the Going Concern Disclosure Note provided to EY in September 2020.</p> <p>Subject to EY's internal consultation process, an audit opinion is likely to be issued early November 2020.</p>

2.3 Progress has made on the actions detailed within the AGS 19/20, presented to the Committee in July 2020. Although, due to the Covid-19 pandemic some actions have been delayed.

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References:

Annual Governance Statement 19/20 – reported to LA&GP Committee 28th July 2020.

Annual Governance Statement – update report to LA&GP Committee 23rd March 2020.