

**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 28<sup>th</sup> 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.

Action	Target date for implementation	Update on progress
<p><b>EU General Data Protection Regulation (b/f from previous year):</b> Ensure that the necessary resulting changes for the GDPR are finalised and embedded within a broader information governance framework following the review of the effectiveness of the current arrangements the Council has implemented.</p>	<p><i>Revised date:</i> March 2021</p> <p><b>Implemented</b></p>	<p><b><u>October 2020</u></b> Further policy work has been done and there is a full range of guidance available to staff. E learning on data protection and information governance is mandatory for all officers and managers. Government guidance on the impact of Brexit on data protection has been issued this month and is currently being reviewed.</p> <p><b><u>February 2021</u></b> GDPR is part of BAU now. The Council's current contracts are being reviewed in relation to data transfers where applicable in anticipation of adequacy decision from the EU. The Information Asset Register needs to be refreshed and will inform the Register of Processing Activities.</p>
<p><b>Risk Management (b/f from previous year):</b> Formal adoption of the risk management process and work carried out to embed risk management within all Council activities. Development and adoption of an information risk policy.</p>	<p><i>Revised date:</i> May 2020</p> <p><i>Revised date:</i> April 2021</p>	<p><b><u>October 2020</u></b> Corporate Risk Management Group (CRMG) meeting in August 2020 reviewed the corporate risk register.</p> <p>Further reviews of the service risk registers were undertaken by Heads of Service in September 2020. Formal review by CRMG to be arranged as from October 2020 Risk Management responsibility is with the Assistant Chief Executive.</p> <p><b><u>February 2021</u></b> The Corporate Management Team (CMT) agreed changes to the Risk Management Policy on 1 December 2020. CMT will now oversee the management of risk across the Council. The risk management process will be overseen by the Assistant Chief Executive (ACE). The day-to-day management and maintenance of the risk management system is the responsibility of the Corporate Risk Manager (CRM). Training for those who update risk registers was provided in February 2021. The updated Corporate Risk Register will be reviewed by CMT in</p>

		March 2021 and form part of quarterly performance management from 2021/22.
<b>Workforce/ people strategy:</b> Develop and adopt a longer-term workforce/ people strategy	<p><i>Revised date:</i> November 2020</p> <p><b>Implemented</b></p>	<p><b><u>October 2020</u></b> Work was paused to focus on the organisation's response to COVID-19, a draft has now been completed, and is going through the consultation and approval process, which should be completed by end November.</p> <p><b><u>February 2021</u></b> The people strategy went to Cabinet on the 19<sup>th</sup> January 2021 and was approved. Year 1 actions have been detailed within the strategy for implementation.</p>
<b>Relationship Management and economic engagement plan:</b> Develop relationship management approach and processes and economic engagement plan.	<p><i>Revised date:</i> July 2021</p>	<p><b><u>October 2020</u></b> The Covid crisis has provided an opportunity to substantially improve the data we have on companies and our engagement with them. We have been providing regular fortnightly Business Bulletins, using Social Media and a lot of direct contact via calls/meetings. A Rushmoor Business Conference was due to be held on 5 November 2020 but due to the second lockdown has had to be cancelled. Recruitment for an Economy and Growth Manager was unsuccessful, and we will be going back out to recruitment. This coupled with Covid has delayed development of the long-term plan and the roll out of the second phase of the engagement approach.</p> <p><b><u>February 2021</u></b> An appointment has been made to the post of Economy and Growth Manager with the candidate due to start on 29/3/21. The Covid crisis, grants process and development of our working with external partners has continued to build our database. However, the second phase of embedding relationship management across the Council will need to be undertaken once we are out of lockdown and have the new manager in place. The current focus has to be on immediate</p>



<p>Development of formalised reporting criteria (financial and non-financial measures) in relation to the Council's Investment Property portfolio</p>	<p><i>Revised date:</i> March 2021</p>	<p>with the new lending rules and will need to take into account the proposed changes to the Prudential Code.</p> <p>The Asset Management Strategy will be a priority in the coming months as will be how the resource allocation within the Capital Strategy decision making interfaces with this.</p> <p><b><u>October 2020</u></b> 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><b><u>February 2021</u></b> Ongoing work on the wider Council debt monitoring process is being undertaken led by Executive Head of Finance. Due Q4 2021 – On Target</p> <p>Reporting of Investment Property Portfolio to PIAG meeting on 23<sup>rd</sup> February 2021</p> <p>Property Investment Strategy being revisited following November 2020 Budget.</p>
<p><b>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.</b></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><b><u>October 2020</u></b> 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><b><u>February 2021</u></b>  The Information Governance Officer is a member of the Office 365 Project Team and her presence ensures information governance is considered in every phase of the project. The Windows 10 project is progressing but there has been a delay in deploying replacement laptops, due to worldwide component shortages. The council has extended support for its Windows 7 laptops (including Sophos antivirus software), which are being updated by the end of March 2021. The W10 new laptops will be rolled out from March 2021, however at a slower pace due to current government C19 lockdown restrictions and testing regime required.</p>
<p><b>Concerns have been raised regarding the Council's systems and procedures for recording and monitoring commercial property (rental) income.</b></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><i>Revised date:</i>  March 2021</p>	<p><b><u>October 2020</u></b></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><b><u>February 2021</u></b>  Improved reporting through Integra Sales Ledger module with changes made to the way data on properties/debtors are held to improve monitoring.</p> <p>Regular reviews of debt taking place.</p> <p>Implementation of Property Management System (PMS) due in 2021/22.</p>
<p><b>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.</b></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><b><u>October 2020</u></b></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><b><u>February 2021</u></b>  Action being incorporated into the updated Savings Programme</p> <p>As set out in the Revenue Budget, Capital Programme and Council Tax</p>

		<p>Level 2021/22 report to Cabinet in February 2021 (FIN2106):</p> <p>5.7 The Council is developing a revised approach to its Savings Programme that seeks to address the funding gap identified in the MTFS. The programme will include a revised process for how savings are identified, evaluated and approved, with clearer reporting and monitoring and governance arrangements. This new approach will be approved during March 2021, to then be implemented to cover the new MTFS period</p>
<p><b>External Audit have yet to provide an opinion for the 2018/19 accounts.</b></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><b>Implemented</b></p>	<p><b><u>October 2020</u></b></p> <p>As reported to LA&amp;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> <p><b><u>February 2021</u></b> Audit opinion issued 23 November 2020</p>

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 19/20, presented to the Committee in July 2020.

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**References:**

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

*Annual Governance Statement – update report to LA&GP Committee 23<sup>rd</sup>  
November 2020.*