

Dear Councillor,

**AUDIT AND RISK COMMITTEE - MONDAY 22ND JUNE 2020**

I am now able to enclose, for consideration at next Monday 22 June 2020 meeting of the Audit and Risk Committee, the following document that was unavailable when the agenda was printed.

**Agenda No    Item**

7        **Annual Governance Statement (Pages 3 - 20)**

[To review and comment upon the contents of the Council's Annual Governance Statement for 2019-2020].

If you have any queries about this meeting, please contact the Democratic Services team:

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## *Scope of Responsibility*

The City of Wolverhampton Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Council has a Local Code of Corporate Governance, which will be revised in 2020-2021 in line with the latest principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. The latest principles have been adopted in this statement.

The Council is also responsible for the strategic management and administration of the *West Midlands Pension Fund* with the Council's Chief Executive, Monitoring Officer and Section 151 Officer holding specific responsibilities for supporting both the members of the Pensions Committee and the Local Pension Board in their role.

*Wolverhampton Homes* is the Council's Arm's Length (Housing) Management Organisation (ALMO) and is a company wholly owned by the Council. The control of the ALMO is through the Board which has representatives drawn from 1/3 council, 1/3 tenants and 1/3 independent. There is a Management Agreement between the Council and Wolverhampton Homes which sets out the contractual and governance arrangements between the parties.

## *The Purpose of the Governance Framework*

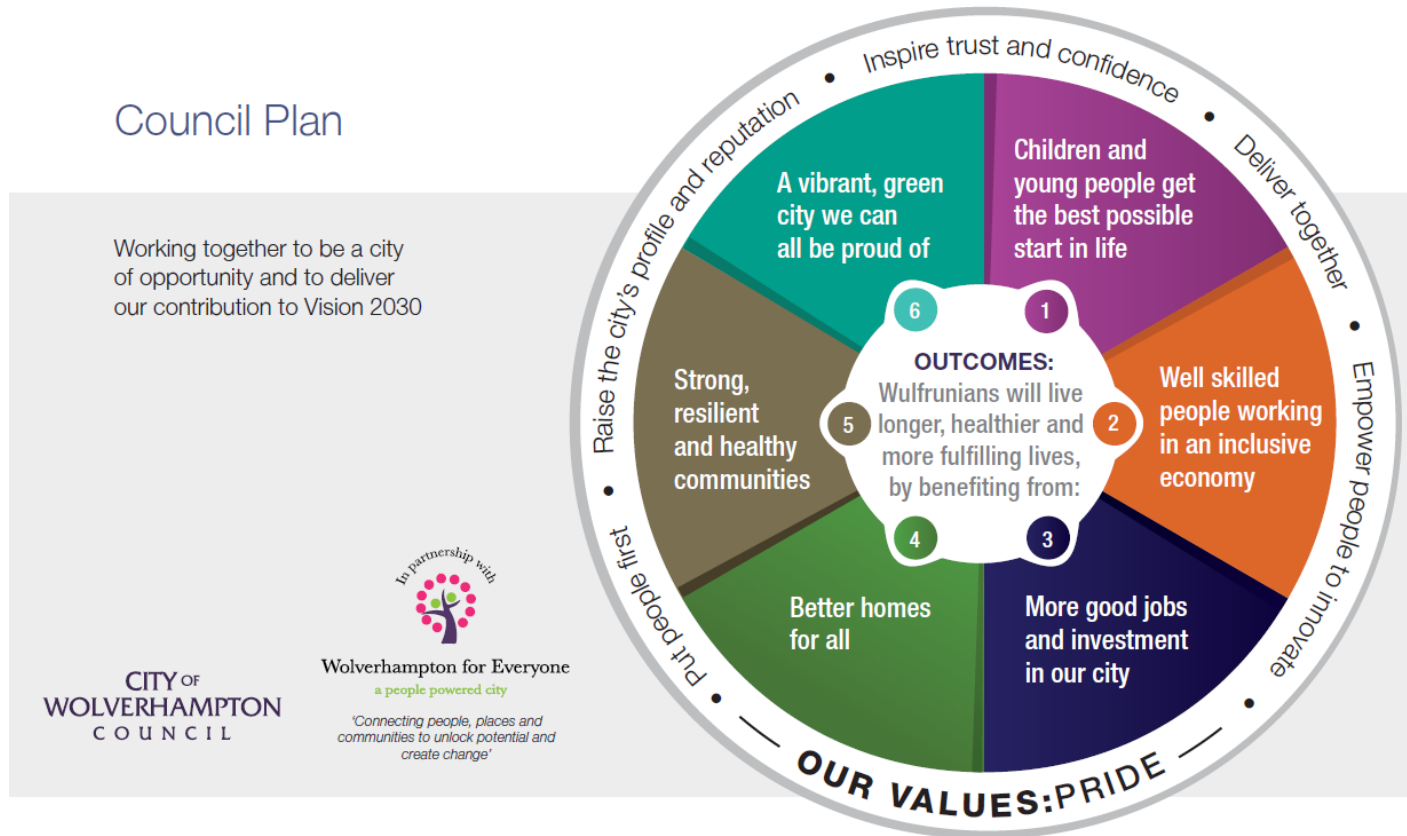
The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievements of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

Risk management and internal control are a significant part of the governance framework and are designed to manage risk to a reasonable level. They cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The systems of risk management and internal control are based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Council for the year ended 31 March 2020 and up to the date of approval of the annual report and statement of accounts.

In April 2019 The City of Wolverhampton Council approved a new Council Plan for 2019-2024. The plan builds on the Council's transformation journey with a focus on delivering the following improved outcomes for the City:

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A full copy of the [Council Plan](#) can be found here.

These outcomes are underpinned by the governance environment. This environment is consistent with the core principles of the new CIPFA/ SOLACE framework. In reviewing the Council's priorities and the implications for its governance arrangements, the Council carries out an annual review of the elements that make up the governance framework to ensure it remains effective.

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The key elements of the systems and processes that comprise the Council's governance framework, and where assurance against these is required, are described below.

Core principles of the CIPFA/ SOLACE framework	Assurances required	Governance framework providing assurance	Review of Effectiveness	Issues identified
<p>Page 5</p> <ul style="list-style-type: none"> <li>Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.</li> <li>Ensuring openness and comprehensive stakeholder engagement.</li> <li>Defining outcomes in terms of sustainable economic, social, and environmental benefits.</li> <li>Determining the interventions necessary to optimise the achievement of the intended outcomes.</li> <li>Developing the entity's capacity, including the capability of its leadership and the individuals within it.</li> <li>Managing risks and performance through robust internal control and strong public financial management.</li> <li>Implementing good practices in transparency, reporting, and audit to deliver effective accountability.</li> </ul>	<ul style="list-style-type: none"> <li>Delivery and communication of an agreed corporate plan</li> <li>Quality services are delivered efficiently and effectively</li> <li>Clearly defined roles and functions</li> <li>Management of risk</li> <li>Effectiveness of internal controls</li> <li>Compliance with laws, regulation, internal policies and procedures</li> <li>Value for money and efficient management of resources</li> <li>High standards of conduct and behaviour</li> <li>Public accountability</li> <li>Published information is accurate and reliable</li> <li>Implementation of previous governance issues</li> </ul>	<ul style="list-style-type: none"> <li>The Constitution (including Head of Paid Service, Chief Financial Officer and Monitoring Officer)</li> <li>Council, Cabinet and Committees</li> <li>Audit and Risk Committee</li> <li>Scrutiny function</li> <li>Standards Committee</li> <li>Internal and External Audit</li> <li>Strategic Executive Board</li> <li>Directors Assurance Framework</li> <li>Corporate and Business plans</li> <li>Medium Term Financial Strategy</li> <li>Corporate Risk Register and Assurance Map</li> <li>Codes of Conduct</li> <li>Whistleblowing and other anti-fraud related policies</li> <li>Financial and Contract Procedure Rules</li> <li>modern.gov (the council's committee management information system)</li> </ul>	<ul style="list-style-type: none"> <li>External Audit Report to Those Charged with Governance (ISA 260) Report – unqualified opinion</li> <li>Annual Internal Audit Report - unqualified opinion</li> <li>Annual Audit and Risk Committee Report to Council</li> <li>Annual Statement of Accounts</li> <li>Local Government Ombudsman Report</li> <li>Scrutiny reviews</li> <li>Annual Governance Statement – including the follow up of previous year issues</li> </ul>	<ul style="list-style-type: none"> <li>Savings Targets</li> <li>Procurement, Contract Management and Monitoring</li> <li>Strategic Asset Plan</li> <li>Civic Halls</li> <li>GDPR</li> <li>Constitution Review</li> </ul>

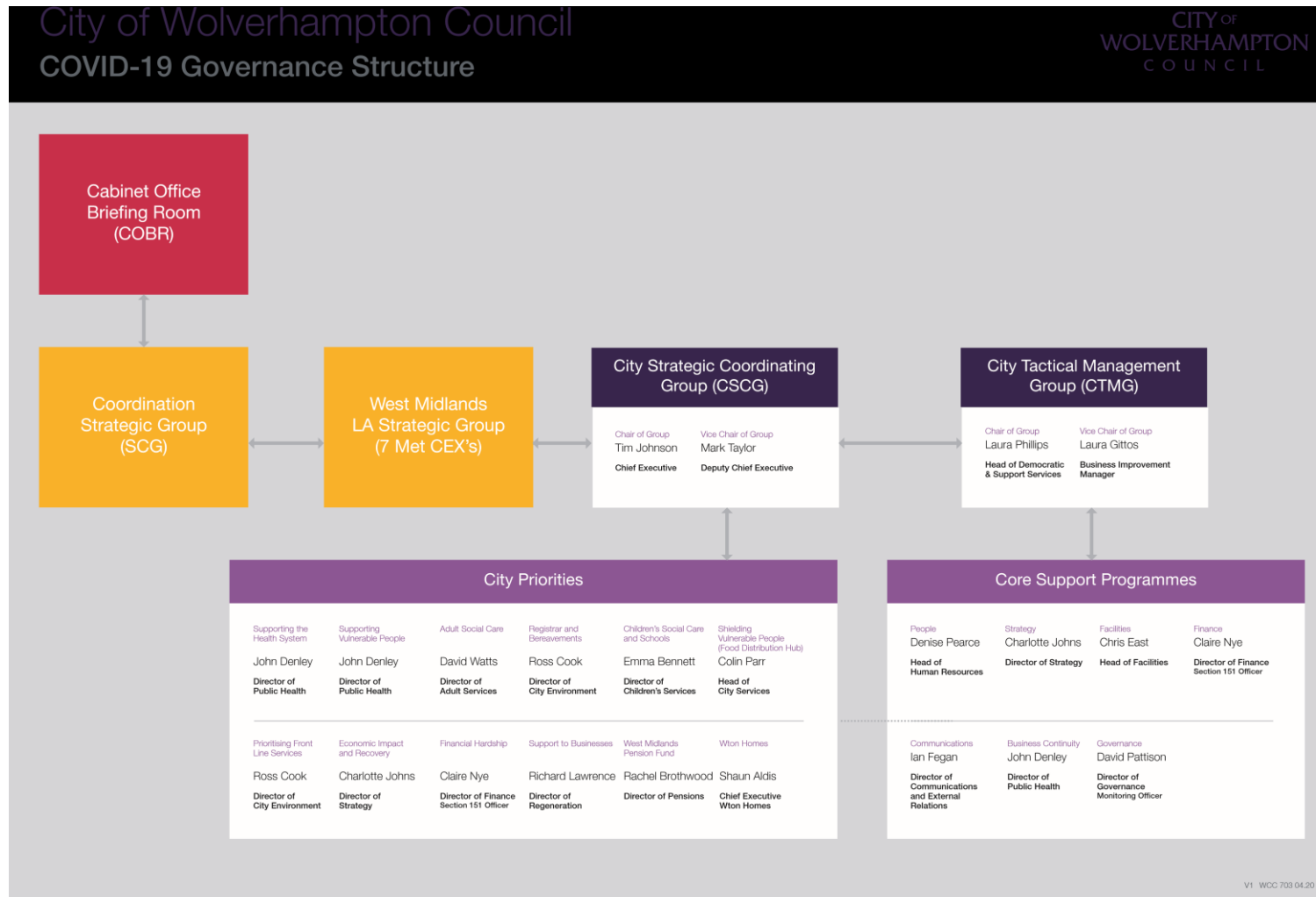
## Covid-19 Considerations

As with all other local authorities the Council has had to adapt the ways in which it has worked to address Covid-19 not only in terms of ensuring that the City's vulnerable residents have been supported alongside its businesses but also in its governance arrangements.

The Council's approach to governance during Covid-19 has been very clearly set out and shared with Councillors, the key aspects include:

- A new officer structure to deal with Covid -19 - this has allowed for focus to be applied to key work streams coming out of the pandemic and is displayed below.

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- A new approach to decision making – following the introduction of full lockdown in March 2020 the Council has instigated a decision making approach that ensured that the focus has been on protecting the vulnerable and supporting businesses.

All decisions that would have been made by Committees or Council were made using this process, set out in the emergency powers provisions in the constitution, until the provisions in the Coronavirus Act 2020 on remote meetings were enacted. Since the provisions on remote meetings were enacted a significant number of remote meetings have taken place using those powers and these have been filmed and made available on the Council's website. Those decisions that would normally be made by Council continue, at this time, to be made using the urgent decision process.

All decisions going through the emergency powers process have to be made by the Leader, 2 Cabinet Members and the Chair and Vice-Chair of Scrutiny Board and have been shared with Councillors through a daily update sent to all Councillors and published through the Council's website.

As part of this approach the Council has extended the Municipal year to a date to be confirmed in the Autumn, once the public health position is clearer and office holders will remain in post until Annual Council has taken place in the Autumn.

These decisions have included:

- Supplementary budget estimates as a result of Covid-19 including the use of funding from Government.
- The establishment of a Food Distribution Hub to ensure that the most vulnerable were kept fed and supported during the pandemic.
- The provision of accommodation for rough sleepers thereby ensuring that all rough sleepers were able to have a roof over their head and importantly additional support to help them move forward.
- Decisions on the support and protection for the most vulnerable adults and children.
- Business support grants for those businesses particularly affected by Covid-19.

This approach has ensured that decisions have been made rapidly with Councillor involvement from both political groups and have been shared across all Councillors.

- All decisions made have been tracked and recorded on detailed spreadsheets with records of whether they need to be made through the urgent decision process or through delegated powers – this has included the following:
  - Clear records being kept of the financial pressures as a result of Covid-19 including loss of income, additional spend.
  - Clear evidence based approach to explain why decisions have been made, using performance data including for example detailed records of the levels of Personal Protective Equipment (PPE) held by the Council and distributed to Care Homes in the City.
  - Communication implications of any approach taken and the need to ensure that the message is received by all communities.

- A Covid-19 risk register has been produced interfacing with the Council's strategic risk register to ensure that the Council has been aware of and taken account of the key Covid-19 risks in an ever changing situation.

At all times the approach of the Council has been informed and shaped by advice from the Director of Public Health and key partners to ensure that the Council as had the most effective response possible to the pandemic. As part of the governance process key areas of concern have been able to be fed up through the mechanisms set out in the Governance Structure to a regional and national level. The same approach is now being taken as we consider the Council's approach to recovery.

### *The Review of Effectiveness*

The Council has a responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. This review is informed by the work of councillors and senior officers within the Council who have responsibility for the development and maintenance of the governance framework including Internal Audit's annual report, the Scrutiny function and also by reports made by the Council's external auditors and other review agencies and inspectorates. The above table helps illustrate this framework, where assurance is provided and the processes through which the effectiveness of these arrangements are reviewed.

### *Opinion for 2019-2020*

The review of effectiveness has found the arrangements for the governance framework to be fit for purpose.

A key component of the review of effectiveness is through the work of the Council's Audit and Risk Committee and during the year the Committee continued helping to ensure that the Council had a modern, effective and risk focussed Committee. During the year they:

- Maintained the focus of the Committee on the Council's risk management arrangements, gaining an increased assurance that the Council was managing its risks well. This also involved the Committee 'calling-in' certain risks and their risk owners, for a more detailed review.
- Maintained a strong working relationship, through regular progress meetings, with the Council's External Auditors Grant Thornton, the Internal Auditors and Senior Officers. There was also had further engagement with Grant Thornton, through regular consideration of their informative Audit Committee Update publications at Committee meetings.

### *Internal Audit*

Internal Audit has reviewed itself against the governance arrangements set out in the CIPFA Statement on the Role of Head of Internal Audit and the Council is able to confirm that the arrangements conform to these requirements. The Council is also able to confirm compliance with the Public Sector Internal Audit Standards.



Internal Audit has concluded that based on the work undertaken during the year on areas of key risk, the implementation by management of the recommendations made and the assurance made available to the Council by other providers as well as directly by Internal Audit, it can provide reasonable assurance that the Council has adequate and effective governance, risk management and internal control processes”.

### *Internal Audit – Covid-19*

Towards the end of the year, and in response to Covid-19 the internal audit team were redeployed to either the food distribution hub or to work on the small business grant team, set up in order to process and distribute the grant payments under the scheme introduced by the Government. As a result of this, a number of audits that were underway at the time of the outbreak, had to be put on hold and therefore were unable to feed into this opinion. Therefore, while internal audit needed to caveat their opinion with this, they did believe that they had managed to complete sufficient work pre-outbreak, in order to support their opinion and to inform this statement and felt able to place a level of assurance upon an existing strong control framework with regards to financial systems.

### *Managing the risk of Fraud and Corruption*

With regards to the CIPFA Code of practice on managing the risk of fraud and corruption - having considered all the principles, the Council is satisfied that it has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud. The activities undertaken in this area were primarily led during the year by the Audit and Risk Committee.

### *CIPFA's Statement on the Role of the Chief Financial Officer in Local Government*

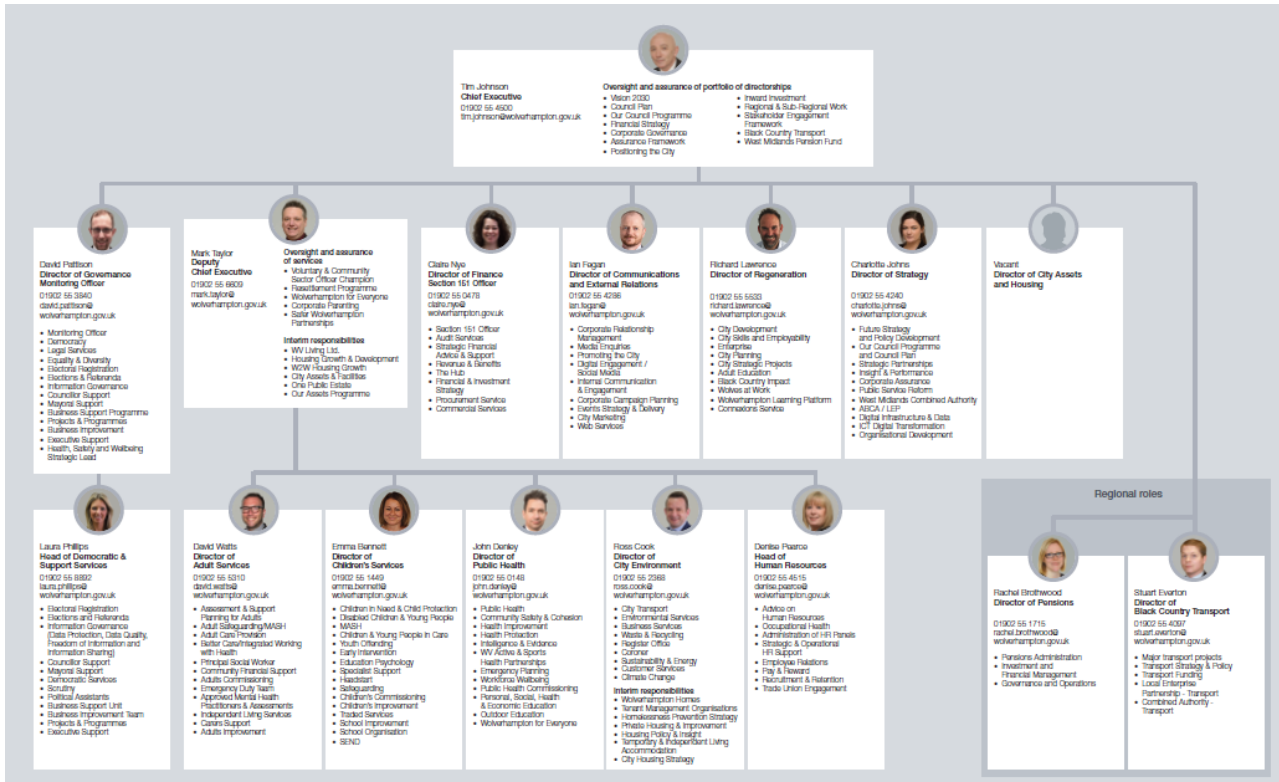
The role of the Council's Section 151 Officer has been assessed against the CIPFA Statement and found to be compliant.

### *Key changes to the governance framework during the year*

The Council appointed a new Director of Governance and he started in post in February 2020, he will be working through the approach to decision making in the Council, and the Council's constitution, to seek to modernise the approaches and the constitution to ensure that they provide an effective, efficient and transparent approach to decision making, building on the positive experiences in terms of decision making during Covid-19.

Work had been commenced on reviewing the approach to policy formulation and scrutiny and proposals were taken to the Council's Governance Committee in March 2020, however these were put on hold as a result of the Covid-19 pandemic. The intention was to seek to reinvigorate the role of scrutiny and ensure that there was greater involvement of backbenchers in policy formulation at a formative stage. The review of the constitution and the approaches to decision making, policy formulation and scrutiny will be carried out during the year 2020-2021 and will involve the relevant Committees and ultimately any changes to the constitution will require Council approval.

A number of governance changes were put in place in response to Covid-19 and these have been addressed in more detail in the Covid-19 update included above.



**West Midlands Pension Fund**

The West Midlands Pension Fund has completed its own “Assurance Framework – Supporting the Annual Governance Statement” which identified that there had been no adverse matters arising from the work behind their assurance framework.

**Wolverhampton Homes**

The Council’s internal auditors also provide the internal audit service for Wolverhampton Homes. They were able to provide reasonable assurance that the Company had adequate and effective governance, risk management and internal control processes, and this was reported through their Audit and Business Assurance Committee.

*Progress on the Governance Issues from 2018-2019*

The table below describes the governance issues identified during 2018-2019 and the progress made against these during 2019-2020. While a number of issues have been carried forward to 2020-2021, these often relate to a range of on-going activities that develop as issues are addressed and programmes continue.

2018-2019 - Key areas for Improvement	In-year update provided as at September 2019	End of year update
<p><i>Savings Targets</i></p> <p>Council approved a balanced budget for 2019-2020 without the use of general reserves. It is estimated that further savings of £27.3 million are required in 2020-2021 rising to £40 –50 million over the medium-term to 2023-2024.</p> <p>Council approved that work starts on developing budget reduction and income generation proposals for 2020-2021 onwards in line with the Five Year Financial Strategy, with progress reported back to Cabinet in July 2019. It is important to note that projected budget deficit assumes the achievement of budget reduction proposals amounting to £9.6 million over the five year period 2019-2020 to 2023-2024.</p> <p>It is also important to note that a number of assumptions have been made with regards to the level of resources that will be available to the Council, and that there continues to be a considerable amount of uncertainty with regards to future funding streams for local authorities over the forthcoming Comprehensive Spending Review period. At the point that further information is known it will be incorporated into future reports to Councillors.</p>	<p>In October 2019 Cabinet received an update on the projected deficit and Medium Term Financial Plan.</p> <p>The report reflected the Spending Round 2019 announced on 4 September 2019 which set out the Government’s spending plans for 2020-2021 only.</p> <p>Having taken into account the forecast changes to corporate resources and emerging pressures, it was anticipated that the projected remaining budget deficit for 2020-2021 will be in the region of £3.9 million, rising to £20 million over the medium term period to 2023-2024.</p> <p>It was noted that the Government announced that additional grant funding totalling £1 billion will be made available to local authorities in 2020-2021 for adults and children’s social care, to support the rising demand on the social care system. The Local Government Finance Settlement 2020-2021 technical consultation, issued by the Ministry of Housing, Communities and Local Government (MHCLG), provides the proposed formula for the distribution of the grant and indicative local authority allocations of the additional unringfenced grant funding.</p>	<p>In March 2020 the Council approved a balanced budget for 2020-2021 without the use of general reserves. It is estimated that further savings of £15.5 million are required in 2021-2022 rising to £20.2 million in 2022-2023.</p> <p>It is important to note that a number of assumptions have been made with regards to the level of resources that will be available to the Council, and that there continues to be a considerable amount of uncertainty with regards to future funding streams for local authorities over the forthcoming Comprehensive Spending Review period. At the point that further information is known it will be incorporated into future reports to Councillors. Any reduction in the Government’s allocation of funding to the Council would have significant detrimental impact and further increase the budget deficit forecast of the medium-term.</p> <p>Due to Covid-19, government have announced that the Review of Relative Needs and Resource will not be undertaken this year. It is understood that a spending review will take place but we would anticipate that this will be for one year only.</p>

<p>Any reduction in the Government's allocation of funding to the Council would have significant detrimental impact and further increase the budget deficit forecast of the medium-term.</p>	<p>It was anticipated that the additional adult and children's social care grant will be sufficient to meet the projected remaining budget deficit in 2020-2021 and therefore enable the Council to set a balanced budget in that year.</p>	<p>Council approved that work starts on developing budget reduction and income generation proposals for 2020-2021 onwards in line with the Five Year Financial Strategy, with progress reported back to Cabinet in July 2020.</p> <p>Due to Covid-19 it has not been possible to progress this work. Further we have identified that budget reductions and income generation proposals built into the budget for 2020-2021 may not be deliverable at this stage. The council is providing information to MHCLG and seeking funding to mitigate the impact of Covid-19 both for 2020-2021 and the medium term.</p>
<p><b>Page 15</b>  <i>Procurement, Contract Management and Monitoring</i>  This will remain ongoing due to the changes to regulation and legislation, particularly in the light of our exit from the EU.</p>	<p>A watching brief will be maintained on any changes to public contract regulations and any further new legislation, enacted through the Brexit negotiations.</p>	<p>A watching brief continues to be maintained on any changes to public contract regulations and any further new legislation, enacted through the Brexit negotiations.</p>
<p><i>Corporate Landlord</i>  The Asset Plan has been approved and the Council is in the process of ensuring the data is kept up to date. The transfer of all data is a significant undertaking and will need more time to fully implement.</p>	<p>Our Assets Council Plan – First Review:  The Asset Management Review commenced in June 2019 as part of the 'Our Asset' Council Plan programme. The initial findings from this Phase 1 Review were reported to SEB on 12 November 2019. The Our Assets programme will be reported to Our Council Scrutiny in 2019-2020 Q4 for review.</p>	<p>Following the SEB Report on 12 November 2019, the first phase of the capital investment programme has been developed and is due for approval week commencing 11 May 2020. To determine this programme a thorough asset challenge was undertaken to ensure investment would only be made in buildings that are to be retained in the medium term or where buildings required urgent compliance works to remain operational.</p>

<p>Audits have been completed on Corporate Buildings with improvement plans now in place and being progressed. Where appropriate, these actions will be reported to the Audit and Risk Committee in Q4 of 2019-2020.</p> <p>Asset Management Plan:</p> <p>The Strategic Asset Plan (SAP) 2018-2023 continues to be reviewed on an annual basis. An updated Action Plan was submitted to Our Council Scrutiny in September 2019. The updated Action Plan is to be incorporated into the SAP and reported to SEB in February 2020 prior to being updated on the Council's website.</p>	<p>The Our Assets Programme is progressing well with the creation of an Our Space programme which focusses on asset rationalisation, utilisation of the Civic Centre, investment/refurbishment into Civic Centre and partnership working/collaboration with Public Sector partners.</p> <p>The updated Action Plan has been uploaded onto the Council's website (alongside the original Strategic Asset Plan). A further review of the Strategic Asset Plan and action plan is due in September 2020 which will take into account the Our Space programme. Due to Covid-19 the asset portfolio is likely to change as new ways of working/agile working is implemented.</p> <p>Asset Management data continues to be validated and the Assets Service will shortly be considering the best way to house this data. The Corporate Property Database will need to be reprocedured during 2021 and the team will firstly explore if an in-house system can be developed to accommodate all of the asset information and KPIs.</p>
<p><i>Civic Halls</i></p> <p>This is one of the highest priority projects the Council is involved in and will be monitored regularly. Project management has improved and we are now part way through the project with the main refurbishment works due to commence in the near future.</p>	<p>A new contractor has now been selected and the team are in the process of working through the early stages of engagement with them. Mobilisation works have begun and design work is ongoing.</p> <p>A new Operating Model has been proposed and the procurement process for a new operator has commenced.</p> <p>The site works had been suspended on the project for 12 weeks due to Health &amp; Safety issues related to the Covid threat. The design work has continued at pace whilst the site was closed, the Stage 4 detail design is close to completion.</p> <p>The project team have continued to work in collaboration with Willmott Dixon to review and interrogate their construction cost plan.</p>

<p>Liaison with Planning and Historic England needs to be finalised so that the final phase can be undertaken in the determined timeframe.</p>	<p>The management of the Shaylor administration process is continuing with some activities being complete at the point at which Willmott Dixon take control of the site.</p>	<p>The project is still currently in the Pre-Construction Services Delivery Agreement stage (PCSDA), which will come to a completion on 31st June 2020.</p> <p>The construction cost plans issued by Willmott Dixon have been continually scrutinised and interrogated by the team since December 2019. We continue to work towards a finalised cost, as part of the construction contract which is currently being drafted by Legal and F&amp;G.</p> <p>The programme Board will continue to ensure that the Civic Halls project is kept to budget and timeline with close supervision and ensuring that the contract entered into is robust and that it is met and followed.</p>
<p><i>General Data Protection Regulations</i></p> <p>Further compliance checks and audits will be scheduled throughout the year that follow on from the initial GDPR readiness audit and will be aligned to the statutory Data Protection Officer (DPO) reporting. This will ensure that compliance with the new Regulation and UK Data Protection laws will be monitored and reported on an ongoing basis once this work programme has formally ended.</p>	<p>The Council continues to make progress in embedding the GDPR requirements, and this will be picked up by the new Director of Governance when they join the Council in February.</p>	<p>Data protection compliance activities have formed part of core business activities and are being aligned with the statutory the Data Protection Officer (DPO) reporting framework.</p> <p>GDPR activities form part of the overall work plan for Information Governance; DPIA assessments are embedded for large scale processing; a robust information incident management process continues to be in place; employee training and awareness continues through mandatory e-modules and demand led targeted training sessions.</p> <p>Regular reporting on performance regarding GDPR is taking place including reporting to the relevant Cabinet member. The performance during the year has been positive with no significant breaches taking place.</p>

		Work continues to ensure that the Council remains compliant particularly with the challenges presented in Information Governance terms of agile working.
<p><i>Combined Authority</i></p> <p>As one of the seven constituent authorities of the West Midlands Combined Authority, we need to continue to ensure that the city is benefitting from devolution deals to the region to meet key priorities. The Leader will also have responsibility for a specific portfolio within the Combined Authority working across the region.</p>	<p>The Council continues to play an active part in the West Midlands Combined Authority, including the dialogue with the new government on the future of devolution and opportunities to maximise the benefits of future policy and investment decisions for the City of Wolverhampton. The Leader continues to have responsibility for the Economic and Innovation portfolio at the Combined Authority, working across the region on matters such as the implementation of the Local Industrial Strategy.</p>	<p>The council continues to play an active part in regional working including the West Midlands Combined Authority. This has been particularly key in the response to Covid-19, ensuring that the benefits of working collaboratively are capitalised on. For example, developing regional approaches to issues where appropriate.</p> <p>The Leader continues to have responsibility for the economic and innovation portfolio at the Combined Authority and has worked across the region in shaping the immediate economic recovery priorities.</p>
<p><i>Tenant Management Organisations</i></p> <p>We will need to monitor and help complete the implementation of the recommendations arising from the recent audit reviews and as included in the Improvement Plans for the four TMOs.</p>	<p>A programme of audits of each TMO was completed by internal audit during 2018-2019. These provided limited assurance that TMO's were operating in accordance with their management agreement(s) and identified non-implementation of recommendations made in previous audit reports.</p> <p>Since publication of the TMO audit reports in 2018 additional support has been provided to the four TMO's to assist with the implementation of outstanding issues, this work is being overseen by the Director for City Housing and a considerable number of recommendations made in the audit reports have now been actioned and completed.</p>	<p>A programme of support is still on offer to the agents. Audit reviews were completed and new template forms were issued to the managing agents for them to work on. A programme of support timetable was also developed, but dates will be reviewed in light of Covid-19 and an additional audit sheet was developed to cover Health and Safety.</p> <p>New KPI's have been agreed and a new report developed with end of year reports being produced to look at the overall performance of the managing agents. Housing dashboards are also updated.</p>

An enhanced programme to support TMOs during 2019-2020 was approved by SEB in May 2019. The programme covers 17 areas of support which includes; governance, financial management, health and safety, housing development support, provision of safeguarding training, access to legal services, information governance support, risk management, business continuity, audit and procurement support.

TMO modular management agreements were reviewed and new management agreements were agreed and implemented for each TMO with effect from 1 April 2019.

Resources within the Housing Strategy Team have been increased to provide support and focus on TMOs ensuring compliance with these agreements.

New improved Key Performance Indicator's (KPI's) have been introduced. Performance is being reported to the Cabinet (Performance) Panel on a quarterly basis in a new report format. A Housing KPI dashboard was also developed.

The Director for City Assets and Housing attended the Audit and Risk Committee meeting in July 2019 and presented a report detailing the considerable progress made in responding to the TMO Audits carried out in 2018. She also briefed the Committee on the resources deployed to deliver the enhanced workplan for 2019-2020, which is providing additional support for the TMO's from a number of departments. This programme is providing the Council with a greater level of assurance.

Governance training is to be arranged with the support of the National Federation of tenants, but again this has been delayed due to Covid-19. However, it will resume when services return to normal. Contracts have been reviewed to identify information needed from TMOs on a yearly basis, including looking at liability insurances and to help ensure compliance. Audit outcomes will be reported in the quarterly reports and also at the end of year, where they will be RAG rated accordingly which will provide additional assurance to the Council. A useful contacts page has been developed and shared and other processes are being reviewed in developing best practice policy guide and auditing guide.

Management agreements are signed. Support for services in the Council has been sought and obtained from HR, Procurement, Equalities and Information Governance and Communications. Areas identified have included reviewing and updating privacy policies, websites in regards to terminology and signposting and support form ASB teams. A Procurement SLA has been drawn up and is with them for review. Training has been provided in regards to Section 11 claims, with Asbestos request process reviewed and will be implemented shortly.

An introduction to Managing Agents was developed and shared with the team.



	<p>A further update report will be presented to Audit and Risk Committee in Autumn 2020.</p>	<p>Monthly catch up meetings have been in place with Chief officers for them to communicate any issues and request support from the Council.</p> <p>We are working with Health and Safety to identify trends and to then work with TMOs to help promote fire awareness with tenants.</p>
<p><i>Residential Site Management Agreement</i>  Consultation to take place with residents and Site Management Agent (Gypsy and Traveller Council) in order to finalise the service level agreement.</p>	<p>The Council has drafted heads of terms for the lease.</p> <p>As part of a scheduled maintenance visit, the Council made a number of recommendations to ensure the site is safe and well maintained. For the lease to be granted works need to be completed by both the Site Manager and the Council, including:</p> <ul style="list-style-type: none"> <li>• A legionella risk assessment</li> <li>• An asbestos management survey</li> <li>• A fire risk assessment</li> <li>• Fire safety improvement including action notices, points, means of raising alarm.</li> <li>• Electrical repairs maintenance and an electrical service certificate.</li> </ul> <p>Works were due to be completed in December 2019.</p> <p>The District Valuer Service reviewed the fee that is paid to the Council to manage the site and has recommended a fee as part of the updated lease. Approval from Procurement is currently being considered. As such, the lease is due to signed before the end of the financial year.</p>	<p>The lease for the management of the site was finalised with the Council approving the lease and the lease arrangement with the current site manager. Under the instruction of Housing Strategy, Corporate Landlord have commissioned the necessary safety assessments of the site which are being undertaken as access is made available to the site by the site manager.</p> <p>In addition, completion of the works have been delayed by the Covid 19 outbreak and will continue on the basis of Government Guidelines for remaining safe within the workplace whilst maintaining the safety of this community.</p> <p>The lease will be granted once all works are completed by both the Site Manager and the Council.</p> <p>The Site Manager continues to pay the fee to the Council, with alternative arrangements for payment provided due to closure of offices caused by the Covid 19 outbreak.</p>

*Action Plan for the Significant Governance Issues identified during 2019-2020 which will need addressing in 2020-2021*

Based on the Council's established risk management approach, the following issues have been assessed as being key for the purpose of the 2019-2020 annual governance statement. Over the coming year appropriate actions to address these matters and further enhance governance arrangements will be taken.

2019-2020 - Key areas and actions for implementation	Responsibility and expected implementation date
<p><i>Savings Targets</i></p> <p>In March 2020 the Council approved a balanced budget for 2020-2021 without the use of general reserves. It is estimated that further savings of £15.5 million are required in 2021-2022 rising to £20.2 million in 2022-2023.</p> <p>It is important to note that a number of assumptions have been made with regards to the level of resources that will be available to the Council, and that there continues to be a considerable amount of uncertainty with regards to future funding streams for local authorities over the forthcoming Comprehensive Spending Review period. At the point that further information is known it will be incorporated into future reports to Councillors. Any reduction in the Government's allocation of funding to the Council would have significant detrimental impact and further increase the budget deficit forecast of the medium-term.</p> <p>Due to Covid-19, government have announced that the Review of Relative Needs and Resource will not be undertaken this year. It is understood that a spending review will take place but we would anticipate that this will be for one year only.</p> <p>Council approved that work starts on developing budget reduction and income generation proposals for 2020-2021 onwards in line with the Five Year Financial Strategy, with progress reported back to Cabinet in July 2020.</p> <p>Due to Covid-19 it has not been possible to progress this work. Further we have identified that budget reductions and income generation proposals built into the budget for 2020-2021 may not be deliverable at this stage.</p> <p>The Council must continue to provide information to MHCLG and seek funding to mitigate the impact of Covid-19 both for 2020-2021 and the medium term.</p> <p>The Council must also continue to look at budget reduction proposals to mitigate the impact of Covid-19 and to address the medium term deficit.</p>	<p>Director of Finance March 2021</p>

<p><i>Procurement, Contract Management and Monitoring</i></p> <p>This will remain ongoing due to the changes to regulation and legislation, particularly in the light of our exit from the EU.</p>	<p>Director of Finance March 2021</p>
<p><i>Strategic Asset Plan</i></p> <p>Review and Update the Strategic Asset Plan and Action Plan taking into account the Our Space programme proposals. This programme includes asset rationalisation of the portfolio determining future direction of travel for each asset e.g. retain, dispose or reuse (i.e. community asset transfer, public sector partnering). The programme will identify and ensure that only those land and property assets required for operational or strategic purposes are to be retained and that a clear plan for their development and operation is in place (including future investment requirements). This will result in a more cost-efficient property estate delivering running cost efficiencies, reduction in carbon emissions and potential for achieving capital receipts. Consideration will also be given as to how new income can be generated from property assets whilst protecting the existing income.</p>	<p>Head of Assets December 2020</p>
<p><i>Civic Halls</i></p> <p>Delivery of the Civic Halls in accordance with any set budget and in line with the set timeline will be closely monitored by the Council throughout and the Council will ensure that the contracts in place are complied with.</p>	<p>Director of Regeneration March 2021</p>
<p><i>GDPR</i></p> <p>This is an ongoing issue in terms of ensuring compliance with GDPR through regular training and continuing to provide transparent reporting of the levels of compliance with GDPR.</p>	<p>Director of Governance – March 2021</p>
<p><i>Constitution review</i></p> <p>Review and modernise the Council’s constitution and decision making processes – this includes reviewing the Council’s Code of Conduct and ensuring that the constitution is easy to understand, easy to access and supports appropriate and effective decision making, building on the positive approach to decision making that has taken place during the Covid-19 pandemic. This also includes ensuring that there is an effective approach to policy development and scrutiny within the Council.</p>	<p>Director of Governance – December 2020</p>

*Future Assurance*

A progress report on the implementation of the above actions from the key areas will be produced by Audit Services and reported to the Audit and Risk Committee during 2020-2021.

*Certification*

To the best of our knowledge, the governance arrangements, as outlined above have been effectively operating during the year with the exception of those areas identified as requiring improvement. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified during the review of effectiveness and will monitor their implementation and operation as part of our annual review.



Ian Brookfield, Leader of the Council

Date:



Tim Johnson, Chief Executive

Date: