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| <b>SUBJECT:</b>       | <b>ANNUAL GOVERNANCE STATEMENT 2021/22</b>                              |
| <b>DIRECTORATE:</b>   | <b>CHIEF EXECUTIVE AND TOWN CLERK</b>                                   |
| <b>REPORT AUTHOR:</b> | <b>ROBERT MARSHALL, BUSINESS INTELLIGENCE ANALYST, CORPORATE POLICY</b> |

## 1. Purpose of Report

- 1.1 To inform Executive that the Annual Governance Statement (AGS) has been completed and signed off by Leadership (**APPENDIX A**)

## 2. Executive Summary

Key Senior Officers have been asked to contribute to a view of how the Council is applying its Code of Corporate Governance to its activities, including necessary staff and service changes resulting from the pandemic.

Following this investigation officers have concluded that one of the two significant governance issues from 2021/22 needs to remain in the 2022/23 AGS as follows:

1. The Disaster Recovery Plan in place for IT arrangements

One of the 2021/22 significant issues is now deemed as mitigated to the extent that it is now no longer a significant issue and has already moved to Green status:

2. Vision 2025 needs to be re-profiled and communicated to a wider audience in the light of COVID-19 effects

There were no further significant issues identified.

As in previous years a small number of areas were identified as less serious, but areas that it would be wise to keep a watchful eye on progress. These in the main body of the report.

## 3. Process of Identifying Significant Governance Issues

- 3.1 The AGS is completed annually, with a retrospective look back at how we complied to our own Code of Corporate Governance in the previous year, in this case 2021/22, and whether any significant governance issues were identified as a result of the review.

The AGS is usually due for completion in May, but as an extension has been granted to the Statement of Accounts, the timescale is currently the end of July 2022.

- 3.2 Senior officers consisting of Chief Finance Officer (CFO), City Solicitor (CS) , Audit Manager and (Acting) Business Manager, Corporate Policy reviewed the levels of governance assurance provided for services and projects, looking at a range of considerations.
- 3.3 The AGS goes through each of the core principles for good governance, setting out a range of things that the Council has completed /achieved in 2021/22 as well as some key activities that it intends to pursue during 2022/23.

However, because of the significant impact of Covid-19 on the Council there is a separate initial section, set out in the same way, entitled 'Impact of COVID-19 and maintaining good governance'. These sections have been completed with the assistance of other officers.

### 3.4 **Process**

The review is conducted in five stages:

1. Audit and Policy gathered documented information from across the Council, from a mix of audits, assurances, key summaries, performance results and risk registers.
2. Corporate Policy Unit then undertook individual interviews with the CFO and the CS via a questionnaire designed from findings so far
3. A summary of these findings has produced initial draft recommendations.
4. CMT then reviewed a summary of these findings and discussed each in detail, producing final recommendations for the Audit Committee and Executive.
5. CX and the Leader signed the AGS as accurate, for inclusion in the Annual Statement of Accounts.

### 3.5 **Significant Issues**

For 2022/23, one of the previous year's two significant governance issues has been identified as needing to remain on the AGS issues list, although there may need to be changes to the aims and action plans to reflect the remaining needs.

There were no new issues to be added to these but there were a number of less serious issues picked up which have been defined as "Ones to watch" (section 3.6)

The significant governance issue proposed for 2021/22 is:

#### **1. The Disaster Recovery Plan in place for IT arrangements**

A new ITDR plan needs to be in place which will consider not just the 'where' the Council has recovery plans based, but also what the future expectations from our IT resources will be; how our staff will work, how our services will work, what resources are available and what implications does this have on our ability to ensure the Disaster Recovery Plans for IT can match the Business Continuity Plans for key services.

It is proposed that this issue needs to remain on the AGS significant issue list, until enough mitigating steps have been taken to reduce the risk.

In terms of the second of the previous year's significant issues;

## **2. Vision 2025 needs to be re-profiled and communicated to a wider audience in the light of COVID-19 effects**

As this issue has already been confirmed as mitigated to the point where it now has a Green status, this issue can now be removed from the AGS.

A new quarterly monitoring report will be drawn up with the relevant owners to send to Audit Committee.

### **3.6 'Ones to Watch '**

As in past years, the senior officer's team has identified a number of concerns raised throughout the process which may not at this point be considered serious issues but are areas that the Corporate Leadership Team may wish to take additional actions to ensure that there is improvement.

These are:

- a) **Revised governance arrangements for managing projects are being fully complied with.** There was agreement from all that the Priority Theme Groups have a key role to play in this as well as Project Sponsors, but due to meetings being on hold during 2021 (as officers responded to the impacts of the pandemic), there is a gap in compliance which seems to have grown. This is the fifth year this issue has been raised. The main governance issue is the lack of consistent use of the LPMM process. However, it was also identified that:
  - a. there is a lack of central resource capacity in the Council to ensure that projects are being managed properly and relevant processes are being followed – which could be an issue when we return to multiple projects
  - b. there are a few areas that have adopted the 'Agile' project methodology but do not fully understand the scope of 'Agile' or are not using it correctly to take advantage of its benefits and have dropped the LPMM process as a result. There is no issue with the Agile methodology – if it is seen as the way to manage the 'how' elements of a project and is used correctly. There is very little governance introduced as part of the process – which has already demonstrated issues in some strategic projects. LPMM has 4 parts: planning, preparation, the how (Agile) and closure, so the two do fit nicely together – but need to work in tandem for all but small projects.
  - c. the reintroduction of key strategic roles will improve the holistic overview of all projects and project groups. This role will minimise project and outcome overlap by ensuring a synchronised approach across the Council, minimising corporate wide inefficiencies, substandard outcome delivery and repeated implementation tasks.

The role will also ensure all stakeholder awareness, inclusion and buy-in across the entire council at all stages of a project.

The Corporate Leadership Team will take ownership of reviewing these issues and reporting on process. They will also be considered as part of quarterly Dashboard Report to Leadership.

3.7 The following documents are attached as appendices with this report:

1. Appendix A - The Final AGS, signed
2. Appendix B – Glossary of terms used in the AGS

#### **4. Strategic Priorities**

This report supports the effective running and governance relating to ALL strategic priorities as it ensures our business will be conducted in accordance with the law and proper standards, in an open, honest and accountable manner.

#### **5. Organisational Impacts**

5.1 Finance (including whole life costs where applicable) – n/a

5.2 Legal Implications including Procurement Rules – The report is aimed at ensuring our business will be conducted in accordance with the law and proper standards, in an open, honest and accountable manner.

5.3 Equality, Diversity & Human Rights (including the outcome of the EA attached, if required)

The Public Sector Equality Duty means that the Council must consider all individuals when carrying out their day-to-day work, in shaping policy, delivering services and in relation to their own employees.

It requires that public bodies have due regard to the need to:

- Eliminate discrimination
- Advance equality of opportunity
- Foster good relations between different people when carrying out their activities

E&D is one of the considerations within our Code of Corporate Governance, and any issues in compliance would have been highlighted as a part of the main body of this report. There are no other specific implications on E&D or Human Rights from this report.

#### **6. Risk Implications**

6.1 (i) Options Explored – n/a

6.2 (ii) Key Risks Associated with the Preferred Approach - n/a

## 7. Recommendation

Executive is asked to:

7.1 Review the contents of the Final Annual Governance Statement for 2021/22.

7.2 Note that monitoring progress on the significant issues identified over the coming year will be completed by Audit Committee, with issues reported by exception to Executive.

**Is this a key decision?**

No

**Do the exempt information categories apply?**

No

**Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?**

No

**How many appendices does the report contain?**

Two (A, B)

**List of Background Papers:**

None

**Lead Officer:**

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Corporate Policy Unit