

**AUDIT & ACCOUNTS COMMITTEE**  
**5 FEBRUARY 2020**

**REVIEW OF SIGNIFICANT GOVERNANCE ISSUES IN THE ANNUAL GOVERNANCE STATEMENT**

**1.0 Purpose of Report**

- 1.1 To update members of the Audit & Accounts Committee on the significant governance issues identified in the Annual Governance Statement.

**2.0 Background Information**

- 2.1 At the meeting of the Audit & Accounts Committee on 24 July 2019, Members approved the Annual Governance Statement for the Council, with forms part of the Council's Statement of Accounts. To ensure that Members are able to undertake their assurance role, this report updates the Committee on the status of the significant governance issues identified within it.
- 2.2 An extract from the Annual Governance Statement showing the issues identified is attached at Appendix A.

**3.0 Results of the Review**

- 3.1 The issues identified are considered separately below with details of any further work undertaken.
- 3.2 Organisational Change – The Council's in year actual net expenditure is in line with the budget for 2019/20. The forecast outturn position remains an underspend due to an increase in planning fee income and additional business rates growth funding. The delay in the business rates re-base has mean a positive funding position. This is however a temporary position and therefore appropriate reserves have been set aside to meet future known Pressures from 2021/22 onwards.

The Community Plan has now been fully embedded into the organisation and forms the framework for performance management. Financial resources (both revenue and capital) are allocated in accordance with the objectives of the Community Plan with performance being reported quarterly to individual directorates, Senior Leadership Team and Policy and Finance Committee.

The objectives of the Plan are included in the Forward Plans for each Committee and form the framework for service plans and personal appraisals.

The work of the commercials team has slowed down as staff have been diverted to support the transfer of the housing repairs and maintenance service from Newark and Sherwood Homes and to support the General Elections. The target savings/income for 2019/20 will therefore not be met but the shortfall will be met from additional planning fee income.

The Council will, in January 2020 review the on-going functionality of the Commercials and Major Projects service area.

- 3.3 Development Company – The Company’s business case for its first development at Bowbridge Road, Newark was approved by the Shareholder Committee on 22 January 2020, and the release of the equity and loan funding approved by Policy & Finance Committee on 23 January 2020. Loan agreements are currently being prepared by the Council’s external solicitors.

Recommendations from the most recent internal audit concerning the Development Company that the Shareholder Committee’s remit be extended to oversee the Company’s risk register are being actioned.

- 3.4 Estate Regeneration Programme – The Council is out to tender for a development partner to undertake the regeneration project, tenders are due to be received in February and will be analysed and a report submitted to the 2 April Policy & Finance Committee for approval to select the development partner.

Funding applications are also being progressed with Homes England and their strategic partners to help bridge the funding gap for the scheme, which will be reported on to Policy & Finance in April.

- 3.5 Emergency Planning – Operation Northshore (Business Continuity and Emergency Planning exercise) was delivered and was very effective in highlighting the roles and responsibilities of SLT and Business Managers in an Emergency Planning situation. This was further examined in real life incidents of flooding during November. The lessons learned are now being implemented and there are regular meetings between Director, Business Manager and Emergency Planning Officer to monitor progress.

- 3.6 Business Continuity Arrangements – All Business Managers have now completed the update of the Business Impact Assessments. Operation Northshore (Business Continuity and Emergency Planning exercise) was delivered and this has focused the minds of Business Managers of their responsibilities with regard to Business Continuity. Training has been delivered to Business Managers and deputies.

- 3.7 Re-integration of the Housing Management Function – The housing management service is scheduled to transfer back to the Council with effect from 1 February 2020. TUPE regulations have been fully complied with to facilitate the transfer of the staff from the Company to the Council. The Council has adopted a new management structure, incorporating a Housing, Health and Wellbeing Directorate to ensure that the Council retains its housing focus.

The recruitment process is underway to recruit the new Director and interim resources have been put in place through an external housing consultant to cover these responsibilities pending the Director’s appointment.

There is a cross Council and Company project team in place that is overseeing the project, and ensuring that all the necessary workstreams to reintegrate the Service are delivered and all identified risks within the project plan are mitigated.

3.8 Counter-Fraud Arrangements – Assurance Lincolnshire were appointed in 2016 to assist the Council with proactive Counter-Fraud arrangements and have undertaken a refresh of the Fraud Risk Register in February 2019. This work will again be completed during February 2020 which will be reported to this Committee in April. The session had a more pro-active agenda to look for practical ways to continue to detect suspected fraud.

3.9 Compliance with Financial Regulations re authorisation of goods, works and services – The S151 Officer sent an email during April 2018 to all Senior Managers, Business Managers and Budget holders reminding them of the procedure for raising orders for goods, works and services. This was then further supplemented by a briefing during a Business Managers workshop during July 2019.

A further review during January 2020 has seen that the percentage has decreased slightly to 53.81%. A further communication will be sent round to all officers responsible for authorising orders to remind them of their responsibilities. Should this prove ineffective then a report will be brought to this Committee to inform members of those officers who do not comply with these regulations.

#### **4.0 RECOMMENDATION**

That the Committee notes the results of the review of significant governance issues as identified in the Annual Governance Statement.

#### **Background Papers**

Annual Governance Statement for 2018/19

For further information please contact Nick Wilson, Business Manager– Financial Services on Ext: 5317

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