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Date: **29 November 2016**
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GOVERNANCE AND AUDIT COMMITTEE

7 DECEMBER 2016

A meeting of the Governance and Audit Committee will be held at **7.00 pm on Wednesday, 7 December 2016** in the Council Chamber, Cecil Street, Margate, Kent.

Membership:

Councillor Buckley (Chairman); Councillors: Braidwood, Campbell, Connor, Day, Dexter, Dixon, Edwards, Game, I Gregory, Hayton (Vice-Chairman), Jaye-Jones, Larkins, Piper and Taylor-Smith.

SUPPLEMENTARY AGENDA NO.1

Item
No

6. **ANNUAL GOVERNANCE STATEMENT ACTION PLAN QUARTERLY UPDATE**
(Pages 1 - 4)

10. **CORPORATE RISK REGISTER QUARTERLY UPDATE** (Pages 5 - 10)

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**ANNUAL GOVERNANCE STATEMENT ACTION PLAN
PROGRESS REPORT**

Governance and Audit Committee – 7 December 2016

Report Author	Director of Corporate Governance
Portfolio Holder	Cllr Derek Crow-Brown Portfolio Holder (Corporate Governance)
Status	For information
Classification:	Unrestricted
Key Decision	No
Ward:	All

Executive Summary:
To provide a progress report on the Annual Governance Statement 2015/16 action plan.

Recommendation(s):
That Members note the content of annex 1 and identify any issues on which they require more clarification.

CORPORATE IMPLICATIONS	
Financial and Value for Money	There are no financial issues arising directly from this report or any additional budget requirement
Legal	There are no legal implications arising directly from this report. However failure to comply with statutory timescales may have legal implications.
Corporate	The Annual Governance Statement action plan is a corporate document that addresses the areas of improvement identified as necessary through the Annual Governance Statement process.
Equalities Act 2010 & Public Sector Equality Duty	Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it. Protected characteristics: age, gender, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy & maternity. Only aim (i) of the Duty applies to Marriage & civil partnership.

	Please indicate which aim is relevant to the report.	
	Eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act,	
	Advance equality of opportunity between people who share a protected characteristic and people who do not share it	X
	Foster good relations between people who share a protected characteristic and people who do not share it.	
	Compliance with the PSED will be considered in implementing individual elements of the action plan	

CORPORATE PRIORITIES (tick those relevant)✓	
A clean and welcoming Environment	
Promoting inward investment and job creation	
Supporting neighbourhoods	

CORPORATE VALUES (tick those relevant)✓	
Delivering value for money	x
Supporting the Workforce	x
Promoting open communications	x

1.0 Introduction and Background

This report provides Governance and Audit Committee with an update on progress in implementing the Annual Governance Statement 2015/16 action plan.

2.0 The Current Situation

- 2.1 For the period 2015/16, the Council prepared an Annual Governance Statement (AGS) which was agreed by the Governance and Audit Committee on the 20th September 2016.
- 2.2 Within the Annual Governance Statement 2015/16 areas of concern identified from the numerous assessments into our governance arrangements were detailed as 'Significant Governance Issues'.
- 2.3 The council proposed to take steps to address these matters and report on the action plan to this committee on a regular basis. The action plan is attached as appendix 1 for Members' information.

Contact Officer:	Tim Howes, Director of Corporate Governance
Reporting to:	Madeline Homer, Chief Executive

Annex List

Annex 1	Significant Issues Action Plan 2015-16
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Background Papers

Title	Details of where to access copy
None	

Corporate Consultation

Finance	Matthew Sanham, Corporate Finance Manager (Service Support)
Legal	Tim Howes, Director of Corporate Governance

AGS Significant Issue 2015/2016	Suggested Action Heading & (Owner)	Task List	Timescale	Progress
Information Governance	Director of Corporate Governance	<ul style="list-style-type: none"> • Appoint Information Governance Manager and Officer • Undertake review of readiness for General Data Protection Regulations • Create action plan following review • Secure appropriate training including e-learning • Approve new Information Governance policies 	<p>Feb 2017</p> <p>June 2017</p> <p>Jan 2017</p>	<p>Advertised and Interviews for Manager in Nov</p> <p>To be undertaken by CIGG in partnership with other LAs</p> <p>tbc</p> <p>Out to consultation</p>
Rationalise assets	Director of Corporate Governance	<ul style="list-style-type: none"> • Complete draft asset management plan • Secure Cabinet approval • Put in place mitigation and control measures around compliance 	<p>Nov 2016</p> <p>Dec 2016</p> <p>Dec 2016</p>	<p>Drafted</p> <p>Subject to CMT sign-off</p> <p>Draft in place</p>
Delivery of Annual Governance Statement	Director of Corporate Governance	<ul style="list-style-type: none"> • Review and refresh documents in the assurance statements • Improve timeliness of assurance statements • Implement Delivering Good Governance in Local Government 2016 Framework • Access to policies and e-learning for frontline staff 	<p>Jan 2017</p> <p>Mar 2017</p> <p>June 2017</p> <p>Mar 2017</p>	<p>tbc</p> <p>Agreed</p> <p>tbc</p> <p>tbc</p>
Public Sector Equality Duty	Director of Corporate Governance	<ul style="list-style-type: none"> • Provide training on evidence of compliance with PSED in decision-making • Put in place programme to review policies • Identify training needs and create training plan 	<p>On-going</p> <p>Aug 2017</p> <p>Aug 2017</p>	<p>Training commenced</p>

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CORPORATE RISK UPDATE

Governance & Audit Committee – 7 December 2016

Report Author	Tim Willis, Director of Corporate Resources
Portfolio Holder	Cllr Derek Crow-Brown, Portfolio Holder (Corporate Governance)
Status	For information
Classification:	Unrestricted
Key Decision	No
Ward:	All

Executive Summary:

This report provides Governance & Audit Committee with an update of corporate risk, in accordance with the Risk Strategy.

Recommendation(s):

To note the report.

CORPORATE IMPLICATIONS

Financial and Value for Money	The way in which the council manages risks has a financial impact on the cost of insurance and self-insurance. The council maintains reserves including a risk reserve, the size of which is commensurate with the financial impact of current and future risks. There are no specific financial implications arising from this report.
Legal	Whilst the corporate risk register includes consideration of legal matters in as far as they relate to risks to the Council, there are no legal implications for the recommendation required by this report.
Corporate	Governance & Audit Committee approved the Risk Management Strategy on 9 December 2015 which includes a requirement to provide regular corporate risk updates to G&A Committee.
Equalities Act 2010 & Public Sector Equality Duty	Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it.

	Protected characteristics: age, gender, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy & maternity. Only aim (i) of the Duty applies to Marriage & civil partnership.	
	Please indicate which is aim is relevant to the report	
	Eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act,	
	Advance equality of opportunity between people who share a protected characteristic and people who do not share it	✓
	Foster good relations between people who share a protected characteristic and people who do not share it.	
There are no equity or equalities issues arising from this report. The risk register identifies a number of activities designed to control risks and these will each need to be assessed for equality impact in their own right.		

CORPORATE PRIORITIES (tick those relevant)✓	
A clean and welcoming Environment	
Promoting inward investment and job creation	
Supporting neighbourhoods	

CORPORATE VALUES (tick those relevant)✓	
Delivering value for money	✓
Supporting the Workforce	
Promoting open communications	

1.0 Introduction and Background

- 1.1 Risk Management is a fundamental element of the Council's arrangements for ensuring goals are achieved and opportunities are taken up. To this end the Council has established its Risk Management Strategy and Process and has assigned responsibility to councillors and officers to ensure that the Council uses its resources effectively, and all that can be reasonable done, is done, to mitigate risk.
- 1.2 Whilst primary member oversight on risk is provided by G&A Committee, Cabinet also has a member Risk Champion (the Portfolio Holder for Corporate Governance) who promotes risk management and its benefits throughout the council. At staff level, the high-level corporate risk register is regularly considered by Corporate Management Team (CMT) and risk is a permanent item on its agenda. G&A Committee considers changes to the corporate risk register, the reasons for the changes and the actions being taken to mitigate the likelihood and impact of those risks. A view is also taken regarding the extent to which the risks should be tolerated. Looking beyond the corporate level, Heads of Service are responsible for maintaining service-level risks and project managers are responsible for project risks.

2.0 Key risk events

- 2.1 Major recent changes that justify a review of specific corporate risks include:
- The Dreamland operator, Sands Heritage Limited (SHL) is in administration. The council has no direct power over the administrator, but it is a creditor of SHL and it holds a lease and concession agreement with SHL. Dreamland remained open throughout the summer and the council is in regular contact

with the administrator to try to secure the future of the operation whilst also protecting the council's interests. There is a review of lessons learned regarding Dreamland, to be reported to Overview & Scrutiny Panel on 13 December.

- There remains continued uncertainty regarding the external funding environment and challenges of delivering the 2017-18 budget and Medium Term Financial Strategy. The council's reserves are forecast to be at a very low level; although there are no significant known liabilities that further need to be provided for, reserves are at a level that would leave the council in a vulnerable state, should a large cost or liability materialise.
- The council will be consulting on and approving its Local Plan in 2017. The risk management process has escalated the risk of delay to the Local Plan to the corporate risk register. The primary risks are reputational, financial and economic risks.
- Homelessness has grown as a challenge for many local authorities over the last year, Thanet included. Certainly in the near term, there are additional pressures on Housing as the gap between supply and demand increases, exacerbated by policy changes and poverty.

3.0 Corporate risk register

3.1 A summary of the latest Corporate Risk Register is set out below, together with the risk scores noted by Governance & Audit Committee on 22 June 2016. The scores are arrived at by multiplying the "likelihood" score by the "impact" score, where the maximum score for each is four, so the maximum total score is sixteen.

Description	Dec 16 risk score	June 16 risk score	Lead (not for G&A)
Limited Resources	12	12	Tim W
Health and Safety at Work	12	12	Gavin
Information Governance	12	12	Tim H
Political Stewardship	12	12	Madeline
Local Plan	12	-	Rob
Homelessness	12	-	Rob
Dreamland Operator	9	9	Madeline
Maximising Digital Delivery	9	9	Tim W
Project Management	9	9	Gavin
Safeguarding Vulnerable People	8	8	Rob
Recruitment & Retention	6	9	Madeline
Business Continuity	6	6	Gavin
Officer Decision Making	6	6	Tim H

3.2 Each corporate risk is the responsibility of a member of CMT and they manage risk mitigation plans with the aim of reducing the likelihood and/or impact of each risk to a

manageable level. As time moves on, the external environment changes and this can have an impact on the effectiveness of mitigating actions as well as on the likelihood and impact of a risk: hence the need to maintain vigilance in respect of mitigation plans as well as new and changing risks.

- 3.3 It is more difficult to take action to reduce the impact of a risk occurring, than it is to take action to reduce its likelihood. Hence in some cases, the scores after mitigation will remain relatively high.
- 3.4 There was no specific corporate risk for “Local Plan” and “Homelessness” in June, these are new corporate risks. There are no significant increases in risk scores of existing risks. The highest risks are related to Limited Resources, Health and Safety, Information Governance and Political Stewardship.

4. New/escalated and elevated risks

- 4.1 **Local Plan:** “Unsound” Plan; CLG intervention; delay in adopting Plan; risk to planning decisions; loss of Appeals; award of costs; risk of JR; loss of control of development process and provision of infrastructure; possible “special measures”. The main control measures are to maintain a timely programme and ensure CLG aware; ensure all Local Plan decisions are based on the available evidence.
- 4.2 **Homelessness:** Homelessness is increasing, both locally and nationally. This represents a significant risk to the council, increasing the costs associated with securing temporary and emergency accommodation and impact on the outcomes for residents. The council has reviewed and is delivering its homelessness strategy action plan, is regularly monitoring the levels of homelessness and has commissioned new services to address the increasing need for support. The council has also submitted bids for new government funding to support homelessness services locally. This work will continue.

5. Highest-scoring risks

- 5.1 **Limited Resources:** The high score for Limited Resources reflects the fact that it is one of the few risks that in extremis could result in the council losing control of its own destiny. This, coupled with the challenging and uncertain external financial environment, the known savings required in 2017-18 and beyond, and the low level of reserves has resulted in a continuing high overall score.
- 5.2 The council is establishing a track record of managing its resources, e.g. some £1.2m of budget savings were delivered as part of the 2016-17 budget process; and plans are well under way to find additional income and cost savings to fund the estimated £1.7m budget gap in 2017-18. There are also plans for tighter controls regarding earmarked reserves and further compliance training.
- 5.3 However, the severity of the impact of the risk becoming manifest (e.g. TDC having to terminate services, make large-scale redundancies and/or be externally governed or managed) has not diminished. The management of this risk is further compounded by the new uncertainty created by the changing external environment, e.g. consultation on the New Homes Bonus, Devolution and the review of local government funding.
- 5.4 **Information Governance:** There is a risk that the council will fail to comply with its obligations in relation to data protection, Freedom of Information, and other legislation. The likelihood and severity of the impact can be reduced by implementing the mitigation plan. However, the plan is dependent on the Information Governance

Manager being appointed in 2017, implementing policies and leading training in respect of good practice.

5.5 **Health and Safety at Work:** there is a risk that the council and its staff will cause harm as a result of a lack of robust Health & Safety procedures, failure to embed those procedures, and failure to comply with the procedures. Despite the recent conclusion to the prosecution by the Health and Safety Executive, there remain substantial risks pending the mitigating actions including the implementation of a H&S management system.

5.6 **Political Stewardship:** This continues to represent a risk to the council, especially in light of the need to approve publication of the Local Plan. There are actions being delivered through the Strategic Development Group to help develop the role of members; and the council continues to pursue opportunities for cross-party working.

6. De-escalated risks

6.1 Over time and/or as a result of control measures or a change in risk tolerance, some risks will diminish in comparison to other risks, and hence be removed from the corporate risk register. Failure of the Dreamland Operator has been removed, as unusually, this risk became manifest. We are now managing the consequences of the operator going into administration, which itself is on the corporate risk register.

6.2 The risks of Business Continuity and Officer Decision-Making are recommended to be removed from the corporate register, as their relative risk has diminished. The de-escalation of these risks does not mean they won't still be monitored and managed by the relevant managers.

7.0 Recommendation

7.1 To note the report.

Contact Officer:	Tim Willis, Director of Corporate Resources
Reporting to:	Madeline Homer, Chief Executive

Background Papers

Title	Details of where to access copy
G&A report 9 December 2015: Review of corporate approach to risk management	http://democracy.thanet.gov.uk/ieListDocuments.aspx?CId=114&MId=4078&Ver=4
G&A report 22 June 2016: Update report on the corporate risk register	http://democracy.thanet.gov.uk/ieListDocuments.aspx?CId=114&MId=4395&Ver=4

Corporate Consultation

Finance	Tim Willis, Director of Corporate Resources
Legal	Tim Howes, Director of Corporate Governance

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