

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Progress on issues arising from the 2014/15 Annual Governance Statement

Meeting/Date: Corporate Governance Panel – 9 March 2016

Executive Portfolio: Resources: Councillor J A Gray

Report by: Internal Audit & Risk Manager

Ward(s) affected: All Wards

Executive Summary:

The 2014/15 Annual Governance Statement (AGS) included two areas for improvement.

The two areas for improvement identified are:

- i. Develop robust and effective reporting arrangements for shared services; and
- ii. Improve project management practices including Officer compliance with the project management toolkit.

Details of the action that has been taken against each improvement area is contained in the main report.

Due to the good progress that has been made across both improvement areas it is considered that they will be 'achieved' prior to the preparation of the 2015/16 AGS.

Recommendation(s):

It is recommended that the Panel note and take into account the progress that has been made in introducing the key improvement areas arising from the 2014/15 AGS when undertaking their 2015/15 governance review.

1. WHAT IS THIS REPORT ABOUT/PURPOSE?

- 1.1 This report informs the Panel of the progress that has been to date in introducing the two key improvement areas that were contained in the 2014/15 Annual Governance Statement (AGS).

2. WHY IS THIS REPORT NECESSARY/BACKGROUND

- 2.1 The Panel need to be assured that sufficient action has been taken to deal with the two areas for improvement identified.
- i. Develop robust and effective reporting arrangements for shared services; and
 - ii. Improve project management practices including Officer compliance with the project management toolkit.

3. OPTIONS CONSIDERED/ANALYSIS

- 3.1 The current position is set out below. The deadline set for delivering both areas for improvement was 31 March 2016.

i. Develop robust and effective reporting arrangements for shared services.

Governance arrangements for Shared Service continue to develop. In July 2015 the Council approved governance arrangements as set out in the Shared Services Overview report as follows:

It was agreed that a Joint Committee (to be called the Shared Services Joint Group) should be established to oversee the operation of Shared Services, supported by an officer Board, but the committee would not have delegated powers or functions. This will formalise existing arrangements but without any partner council delegating power to another entity. This arrangement has the benefit of being a collaborative arrangement with all parties represented equally, without favouring or representing the interests of one particular.

The remit of the Joint Group is to provide advice, oversight, challenge and endorsement of the shared services business plans and budget. It is important to note that without any delegation or discharge of functions and powers, they act as an advisory body to the three Councils only.

This means that each participating council would retain Executive decision-making powers for their shared service functions. The Joint Group will receive regular updates on the operation of the shared services and will take reports and recommendations for decision to their respective Executives (and full council, if appropriate), at agreed points and with the engagement of each council's Scrutiny committees.

Meetings of the Joint Group are to be held in public from April 2016, forming part of each council's calendar of meetings. Membership would be the Leaders of each Council with a nominated deputy/alternate attending in their absence.

Following the July report further work has been undertaken to confirm the Governance arrangements and the Joint Group is meeting in Shadow Form from February 2016.

It is proposed to take the Terms of Reference for the Shared Service Joint Group (Leaders' Group) to Cabinet for approval in the April meeting cycle, as part of the "shared service report pack".

Initial drafts of the Shared Service business plans have now been completed and are being considered by the Shadow Joint Group in February 2016. They will then be reported through each Council's committee cycle, during March and April 2016.

Work is continuing on the Shared Services partnership agreement and an initial interim agreement will be taken forward to provide some clarity and protection to all parties involved in shared services. There is some further work ongoing for example on recharges and identification of assets, which will form part of annexes to the initial agreement.

The Partnership Board comprising of Chief Executives/ Managing Directors and the three Corporate Director leads continues to meet to provide strategic oversight and develop recommendations for consideration and approval by the Member Joint Group.

In addition a new 3C Management Board (Director-led) is now in place as part of the governance structure. This is meeting monthly and is having a positive impact in ensuring that operational decisions are made (within the agreed parameters) at the right level and that consistency in leadership is given across the shared services.

Shared Service budgets will be subject to approval by partner Councils through the Council's budget setting process in line with the agreed Governance arrangements.

ii. Improve project management practices including Officer compliance with the project management toolkit.

Overview and Scrutiny Panel (Economic Well-Being) received a report in November 2014 that raised a number of concerns about the project and financial management of two large capital schemes. Following a further review in January 2015 the Panel's five recommendations for improvement were agreed by Cabinet in April 2015.

An update report was presented to the Panel in October 2015 when it was reported that 4 of the 5 recommendations had been introduced:

- Project management guidance has been amended to require original business case documentation to remain 'live'
- Project updates are included in quarterly performance reports to the Panel
- The Panel has received information on the role of the Programme and Projects Manager.
- Updating of the Panel on progress with current projects, including procurement processes and the effectiveness of highlight reports.

The remain recommendation - a review of project financial reporting and the post-delivery stage – is being reported to the Panel meeting on 3 March.

In addition to the above, the following enhancements to the project management process have been introduced.

Enhanced approval process

Projects funded from the approved Capital Plan are re-evaluated by the Finance Governance Board to ensure that they remain 'fit for purpose' and fully funded before commencement.

A pre-project proposition form is in place to ensure resources are allocated to delivering Council priorities and objectives.

Oversight and review

All projects are reported quarterly to Corporate Management Team followed by the relevant Overview and Scrutiny Panel before being presented to Cabinet. Reporting includes a 'RAG' status that reflects both the progress of the project and the completeness of the projects internal monitoring site.

The Programme and Project Manager has monthly meetings with the Managing Director to discuss progress of projects and ensure the completeness of the projects list.

The Project Management Governance Board meets monthly to review progress on individual projects, question lead officers when appropriate to do so and generally oversees Project Managers compliance with the agreed procedures as set-out with the project toolkit.

- 3.2 The Corporate Management Team are satisfied that the action taken to date addresses the concerns recorded in the AGS.

4. KEY IMPACTS/RISKS? HOW WILL THEY BE ADDRESSED?

- 4.1 If sufficient and timely action is not taken, this may lead to the actions having to be repeated in the 2015/16 annual governance statement and
- adverse comments being reported by the external auditor;
 - poor governance procedures remaining in place which may affect the delivery of the Council's objectives.

5. WHAT ACTIONS WILL BE TAKEN/TIMETABLE FOR IMPLEMENTATION

- 5.1 Action has already been taken.

6. LINK TO THE CORPORATE PLAN

- 6.1 Good corporate governance structures underpin everything that the Council does. Effective delivery of the Corporate Plan requires sound procedures and processes to be in place. These seek to ensure that decision making complies with laws, regulations and proper governance practices.

7 REASONS FOR THE RECOMMENDED DECISIONS

- 7.1 The Panel require assurance that the areas for improvement identified during the 2014/15 annual governance review process are being addressed.

BACKGROUND PAPERS

Annual Governance Statement 2014/15
Report to Overview & Scrutiny Panel (Economic Well-being), 8 October 2015. Project
Management Select Committee – Six Month Review.

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