

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter:	Progress on issues arising from the 2016/17 Annual Governance Statement
Meeting/Date:	Corporate Governance Committee – 17 January 2018
Executive Portfolio:	Strategic Resources: Councillor J A Gray
Report by:	Internal Audit & Risk Manager
Ward(s) affected:	All Wards

Executive Summary:

The 2016/17 Annual Governance Statement (AGS) included four areas for improvement:

1. The continued development of effective governance and reporting arrangements for shared services.
2. Introduce the replacement financial management system so that it is operational and available to use from April 2018.
3. Ensure better outcomes are delivered to customers by improving the way in which complaints are recorded, investigated and outcomes reported back to the complainant; and
4. Introduce robust safeguarding procedures.

The Corporate Management Team are of the opinion that good progress that has been made against all four areas and anticipate that all will be sufficiently 'achieved' prior to the preparation of the 2017/18 AGS and will no longer need to be recorded as improvement areas.

Details of the action taken against each area is contained in the main report.

Recommendation:

It is recommended that the Committee note and take into account the progress that has been made in introducing the key improvement areas arising from the 2016/17 AGS when undertaking their 2017/18 governance review.

1. WHAT IS THIS REPORT ABOUT/PURPOSE?

- 1.1 This report informs the Committee of the progress that has been to date in introducing the key improvement areas that were contained in the 2016/17 Annual Governance Statement (AGS).

2. WHY IS THIS REPORT NECESSARY

- 2.1 The Committee need to be assured that sufficient action has been taken to deal with the four areas for improvement identified.

1. The continued development of effective governance and reporting arrangements for shared services;
2. Introduce the replacement financial management system so that it is operational and available to use from April 2018;
3. Ensure better outcomes are delivered to customers by improving that way in which complaints are recorded, investigated and outcomes reported back to the complainant; and
4. Introduce robust safeguarding procedures.

- 2.2 An extract from the 2016/17 AGS that sets out in detail the issues to be considered has been included at Appendix 1.

3. ANALYSIS

- 3.1 The current position is set out below.

1. The continued development of effective governance and reporting arrangements for shared services.

An IT Strategy and IT roadmap laying out the future direction of 3CIT services, alongside a refreshed business case for 3CIT has been presented and provisionally endorsed by the leaders of the 3 constituent councils. Similar work is underway for the shared Building Control service.

Concurrently a new governance structure is currently being developed to ensure appropriate oversight and alignment of all shared service activity by constituent authorities. This will be presented to the 24 January 3C Joint Management Board.

IT shared service performance information has been included in the quarterly performance management suite reported to Members.

2. Introduce the replacement financial management system so that it is operational and available to use from April 2018.

There has been a further delay in the implementation of the new finance system (Technology One). It is now anticipated that 'formal' go-live will be the 1st April 2018. This is one month later than our partner councils, but this is as a consequence of:

- i. advice from the Councils external auditors, in that they have said that the Council should look towards a 1st April 2018 go-live as this will enable the Council to close 2017/18 on the current (eFinancials)

financial management system.

- ii. the fact that as there have been four delays in implementation, the Section 151 Officer has stated that there must be a successful full month of parallel running prior to go-live to ensure that all services are confident with the systems performance.

Consequently, the Council will have completed all testing and be ready to commence parallel running on the 1st March 2018. Then assuming that this is successful, formal go-live will be 1st April 2018.

3. Ensure better outcomes are delivered to customers by improving that way in which complaints are recorded, investigated and outcomes reported back to the complainant

A project team has been set up to review our current policies and procedures. They are taking into account the recommendations of the LEAN review, our current IT complaints management system and practices adopted by others. It is anticipated that the review will be completed early in the New Year (although the 31 January deadline may not be met) with a new policy, process and practices in place. In addition it is expected that a plan of action with respect to the IT system will have been agreed but not implemented.

4. Introduce robust safeguarding procedures.

The Safeguarding Governance Board has been established and is meeting monthly to oversee and progress the actions of the Safeguarding Audit report. All actions are on target to be completed within the agreed timescales.

- 3.2 The Corporate Management Team are satisfied that the action taken to date has begun to address the concerns recorded in the 2016/17 AGS.

4. KEY IMPACTS. 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 2017/18 AGS 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 as set out above. Further updates on the progress that has been to address the four issues identified will be reported to the Committee in March 2018.

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 Committee require assurance that the areas for improvement identified during the 2016/17 annual governance review process are being addressed.

APPENDIX 1

Extract from 2016/17 AGS.

BACKGROUND PAPERS

Annual Governance Statement 2016/17

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Extract from 2016/17 Annual Governance Statement

Improvement Areas – 2016/17

Four improvement areas have been identified.

The reasoning as to why these areas need to be improved and the agreed action plan is set out below.

The continued development of effective governance and reporting arrangements for shared services. *Lead Officer: Corporate Director (Services).*

What are shared services?

Huntingdonshire, Cambridge City Council and South Cambridgeshire District Council (known as the 3C's) are sharing ICT, Legal and Buiding Control servcies.

This item has been included in the governance statement for the last two years.

Savings have been delivered by all of the shared services, however not all of the anticipated savings have been delivered in year one.

The Council delivers ICT for the 3C's partnership. The 2016/17 ICT savings target of £887k was missed by £590k. There are number of reasons for this – the primary ones being the use of expensive hired staff (including the former temporary Head of Service) and the failure to achieve the £200k savings from the rationalisation of contracts and the sharing of licence costs due to existing contractual obligations and insufficient time to re-procure common systems across all three authorities.

This highlights the need to ensure that business cases accurately reflect the challenges inherent in establishing shared services and capture investment requirements when early years savings targets are adopted. The budget overspend was highlighted in the financial information presented to both the 3C Partnership Board and the 3C Management Board but not until early in Qtr.4, 2016/17, highlighting the need for improved reporting and more proactive management of budget information.

Performance reporting – in respect of both delivery of the shared services business plan and budget – is not included in the performance management suite of information regularly presented to Members of the Council. Members received their only report on the performance of the three shared services in February 2017.

Action taken: A permanent Head of Digital and IT was appointed in January 2017. They have prepared a revised business plan that has reduced the savings targets from 15% to a yearly average of 9.7% across the 5 years of the plan. A stepped approach to the rationalisation of contract savings has been agreed. The financial reporting requirements set out in the Partnership Agreement have been introduced.

Action to be taken:

The quarterly performance management suite is to include information in respect of the IT shared service performance from Qtr. 2 2017/18.

Introduce the replacement financial management system so that it is operational and available to use from April 2018. *Lead Officer: Head of Resources.*

The 3C Council's jointly purchased a financial management system in June 2016 with the intention of modernising the way each Council undertakes its budgeting, financial forecasting, income collection, procurement and payment of suppliers. The 'go-live' date was April 2017. This date was not achieved and 'go-live' has been delayed until December 2017. The Project Board and the Shared Services Programme Board have approved this 'go live' date.

Action taken: The additional staff resources to support the implementation of the financial management system have been extended until December 2017. These costs can be met from the overall project budget.

Ensure better outcomes are delivered to customers by improving that way in which complaints are recorded, investigated and outcomes reported back to the complainant. *Lead Officer: Corporate Team Manager*

An internal audit review of customer feedback procedures was undertaken during Qtr. 3, 2016/17. It concluded that overly bureaucratic and time consuming systems were in place to handle customer complaints, and a 'limited' assurance opinion was given.

Action taken: In line with the Transformation agenda, a LEAN review of complaints handling has been undertaken. A number of changes to the complaints process have been proposed – incl. clearly defining when a complaint should be recorded on the complaints system and making the complaint handling process simpler so that it is consistently used across all services.

Action to be taken: Policies and procedures are to be reviewed by 30 September 2017. An action plan will then be developed and agreed with SMT ahead of a relaunch of the complaints process by 31 January 2018.

The LEAN review also concluded that the IT system used to administer complaints was struggling to meet the Council's needs and options to replace the system will also need to be considered. No date has been agreed for this element of work.

Introduce robust safeguarding procedures *Lead Officer: Head of Leisure & Health*

An internal audit review of safeguarding procedures was undertaken during Qtr. 4, 2016/17. It concluded that the safeguarding procedures being followed were not as effective as they could be – there was an ad-hoc approach across Services to the assessment of safeguarding risks, piecemeal training and a

lack of evidence that consistent checks on employees suitability for employment are carried out – this resulted in an ‘limited’ assurance opinion being given.

Action taken: The Managing Director has set-up a Safeguarding Governance Board. Its terms of reference and membership have been agreed. A number of Governance Board meetings have already been held. .

Action to be taken:

The Safeguarding Governance Board will continue to meet on a regular basis to co-ordinate and oversee the delivery of the action plan identified through the internal audit. The key themes for delivery are:-

- Awareness Raising
- Adults at Risk
- HR Processes
- Service Issues
- Corporate Governance

The deadline for all audit actions being completed is December 2018, however the Governance Board have agreed that key actions will be dealt with as a priority, for example the development of an Adults at Risk safeguarding policy.