

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2016/17

COMMITTEE:

AUDIT COMMITTEE

5th December 2016

Item No. 3

**2015/16 Annual Governance
Statement Recommendations –
An Update**

REPORT OF:-

GROUP DIRECTOR, CORPORATE & FRONTLINE SERVICES

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1. PURPOSE OF THE REPORT

The purpose of this report is to provide Audit Committee with an update on the status of the recommendations that were made within the 2015/16 Annual Governance Statement.

2. RECOMMENDATIONS

It is recommended that Members review the information contained within the report and:

2.1 Seek clarity and explanation where there are areas of concern.

2.2 Identify further action to be taken where deemed necessary.

3. BACKGROUND

3.1 The Council's [Annual Governance Statement](#) (AGS) relating to the 2015/16 financial year was reported to and approved by Audit Committee at its meeting held on 3rd May 2016 and an additional amendment to the document was agreed by [Audit Committee on 27th June 2016](#). The document described the governance arrangements in place, challenged their effectiveness and where necessary provided recommendations for improvement. A total of 5 recommendations were made.

3.2 In relation to monitoring the Council's overall governance arrangements, the Terms of Reference for Audit Committee states:

“As a key element of new arrangements for corporate governance, designed to ensure openness, integrity and accountability, the Committee will assist the Authority in discharging its responsibility for

ensuring financial probity, without taking any action which might prejudice it. The Committee will:

(D) Review, scrutinise and issue reports and recommendations on the appropriateness of the Authority's risk management, internal control and corporate governance arrangements, and providing the opportunity for direct discussion with the auditor(s) on these."

3.3 In accordance with the Terms of Reference (Item D) and Workplan for Audit Committee, this report provides an update on the status of each recommendation. Appendix A provides details of the 5 recommendations made along with a summary of the action being taken to progress their implementation.

4. SUMMARY

4.1 A summary of action taken to implement the 5 recommendations contained within the 2015/16 AGS is provided at Appendix A.

4.2 The provision of the information contained within this report will assist Members when forming an opinion on the Council's overall governance arrangements for 2016/17.

LOCAL GOVERNMENT ACT, 1972

as amended by

THE ACCESS TO INFORMATION ACT, 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

LIST OF BACKGROUND PAPERS

AUDIT COMMITTEE

5th December 2016

Report of the Group Director, Corporate & Frontline Services

Author: Marc Crumbie (Operational Audit Manager).

Item	File Ref:
3. Annual Governance Statement Recommendations – An Update	IA / MC

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Appendix A

Ref.	Recommendation	Update
AGS 1	<p>Although the Council made arrangements for its draft Corporate Performance Report 2015/16 to be scrutinised by elected Councillors prior to approval, an associated summarised version was also produced but was not scrutinised prior to publication.</p> <p>To ensure that future summary Corporate Performance Reports are tested for, amongst other things, fairness, balance and factual accuracy, the Council should make arrangements for its scrutiny function to review and challenge their content prior to publication.</p>	<p>Feedback from elected Members involved in scrutinising the 2015/16 Corporate Performance Report told us that although the report was comprehensive, there was a risk that the size of the document would result in key messages being lost / being difficult for a reader to quickly identify.</p> <p>Therefore, for 2016/17, the Corporate Performance Report comprised one summarised document, the content of which was reviewed and challenged (prior to approval) as follows:</p> <ul style="list-style-type: none"> • By Scrutiny Working Groups – that scrutinised progress reports of 2015/16 actual results and draft action plans for 2016/17; and • By the Finance and Performance Scrutiny Committee (held on 13th June 2016 – link to the meeting agenda). The Committee concluded that the 2016/17 Corporate Performance Report set out: <ul style="list-style-type: none"> ○ A balanced assessment of performance and progress for 2015/16; and ○ The Council’s ambitions for 2016/17 in an understandable way that will enable progress and impact to be measured and scrutinised. <p>A final version of the 2016/17 Corporate Performance Report was approved by Full Council on 29th June 2016.</p>
AGS 2	<p>The Council has clearly set out its arrangements for the monitoring and reporting of the three priorities (People, Place and Economy) within its Corporate Plan. However, the Corporate Plan also contains a cross-cutting priority, Living Within Our Means, and the Council should set out how progress is to be monitored for this area of work.</p>	<p>The Council’s quarterly Performance Report for 2016/17 has incorporated a new section titled ‘Organisational Health’ to address the cross cutting priority of Living Within Our Means. The Organisational Health section provides a quarterly up date on the cross cutting themes of workforce performance (sickness absence and turnover), investment in creating more efficient accommodation and in Information Technology to support digitisation and also a risk management up date. In addition, as cross cutting performance measures become available during the year, these will be included within Performance Reports and it will also signpost to other relevant documents and strategies that are linked to the theme.</p>

Ref.	Recommendation	Update
AGS 3	<p>The Council should formalise its arrangements for the notification and monitoring of WAO recommendations so that elected Members, Council officers and external stakeholders are fully aware of and understand the process.</p>	<p>At the 23rd June 2016 Cabinet meeting, an approach was established to publicly report WAO Reports and recommendations issued to the Council (link to the 23rd June Cabinet Report). The agreed approach was that WAO Reports are:</p> <ul style="list-style-type: none"> • Reported to Cabinet as part of Cabinet overseeing the overall performance of Council services; • Reported to Audit Committee to enable this Committee to scrutinise, from a governance perspective, the adequacy of the actions to be taken by the Council to address the recommendations; and • Reported to the Overview and Scrutiny Committee to enable this Committee to monitor the extent of progress the Council is making in implementing agreed recommendations. <p>In line with the above process, an up date was reported to the Council's Audit Committee on 12th September 2016 (link to the report) and an up date was reported to the Overview and Scrutiny Committee on 26th September 2016 (link to the report).</p>
AGS 4	<p>The Council should build on the positive work undertaken through 'RCT Together' by evaluating the impact of its work to date, including specific engagement with those groups that are now delivering services / activities from facilities previously operated by the Council.</p>	<p>The RCT Together approach has been refined and adapted as per feedback from internal and external partners to ensure appropriate and timely support is provided to voluntary sector groups looking to explore alternative models of service delivery and / or progress a community asset or service transfer.</p> <p>The above work has also incorporated the principles contained within the Welsh Government's Community Asset Transfer Best Practice Guide (March 2016 edition) where, for example, a 30 day window of opportunity has been built into the Council's process to ensure fairness and equity of opportunity for any groups wishing to express an interest in an asset or service.</p> <p>Feedback from groups has included improved engagement with communities as users of services, active engagement of volunteers, improved health and well being outcomes and improved confidence. Feedback from groups has also highlighted challenges, for example, the capacity of groups (with many trustees also having full time jobs) and lack of experience</p>

Ref.	Recommendation	Update
		<p>in managing a building, dealing with governance issues and preparing applications for funding.</p> <p>The Council's RCT Together Team is actively working with groups to help address these areas and ensure its work aligns with other Council priorities, the Social Services and Well-Being (Wales) Act 2014 and the Well Being of future Generations Act.</p>
AGS 5	<p>The consideration of strategic risks in parallel with performance is a positive step taken by the Council. However, the comprehensive nature of the Council's quarterly Performance Report may result in key messages around strategic risks being missed. Therefore, the Council should re-consider where and how strategic risks are reported to ensure they have appropriate coverage and scrutiny.</p>	<p>As part of the Council revising the format and approach to reporting its performance on a quarterly basis (by way of example, link to the Council's quarter 2 Performance Report in the new format), this has enabled strategic risk up dates / changes to be included within a more streamlined report and aims to ensure key messages have a more heightened prominence. In addition, the Performance Report includes an electronic link to the Strategic Risk Register so that the reader is able to access more detailed information, as required.</p> <p>A risk management overview (incorporating the strategic risk register) was reported to Audit Committee on 31st October 2016 where the Committee resolved that the Council's Risk Management arrangements are adequate and that the Audit Committee will continue to monitor the adequacy of the Council's risk management framework.</p>

