

Agenda Item 9

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Ward (s) affected	All	Key Decision	No
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Subject	Corporate Governance – Progress Report
RECOMMENDATIONS	
<p>The Audit Committee is asked to:</p> <ul style="list-style-type: none"> • Note the progress made against the action plan in the 2016 Annual Governance Statement • Note the developments that have taken place since the 2016 Annual Governance Statement was published, leading to the introduction of additional governance arrangements • Make observations or recommendations to the Executive, as appropriate 	

EXECUTIVE SUMMARY
<p>This report gives an update on progress made against the areas of focus identified in the 2016 Annual Governance Statement action plan. It also sets out new governance arrangements that have been put into place recently, in response to an increase in partnership working through shared services and also the setting up of arms length arrangements to enable MVDC to implement its new Asset Investment Strategy</p>
CORPORATE PRIORITIES
<p>Strong governance arrangements enable resources to be directed in accordance with agreed policies to deliver on the priorities set out in the Corporate Strategy.</p>
The Committee has the authority to determine the Recommendations

1. Background

- 1.1 Mole Valley District Council's (MVDC) corporate governance arrangements comprise the systems, processes, cultures and values, by which the Council is directed and controlled and through which it accounts to, engages with and leads the community.
- 1.2 MVDC operates a governance framework which reflects legislative requirements, sound governance principles and management processes. This enables the Council to implement its vision and to engage effectively with its residents and customers and ensure good outcomes for them.
- 1.3 Local authorities are expected to use the *Delivering Good Governance Framework* and associated guidance, published by CIPFA/SOLACE, as the standard for local authority governance.
- 1.4 Our governance arrangements are reviewed annually against the *Delivering Good Governance* principles and this is then reported in our Annual Governance Statement (AGS) which is a public report. The AGS sets out how the Council meets a range of detailed governance standards, along with any areas for improvement.
- 1.5 A revised edition of the CIPFA/SOLACE framework was published in April 2016 and this was used for the 2016 annual corporate governance review. The new edition contains a revised set of principles of good governance. Whilst these are similar to the previous version, there is an increased emphasis on demonstrating a strong commitment to ethical values and transparency and accountability.

2. Internal and external audit review

- 2.1 In accordance with Public Sector Internal Audit Standards, the Head of Internal Audit is required to provide an annual opinion on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes. The opinion for 2015/16 was included in the Internal Audit Annual Report.
- 2.2 The organisation was found to have an adequate and effective framework for risk management and governance. There were no issues judged relevant for inclusion in the AGS.
- 2.3 The draft AGS for 2016, including an action plan for 2016/17, was reported to Audit Committee as part of the Statement of Accounts on 30th June 2016. This was then subject to external audit over the summer. The external auditors' annual letter (Audit Committee, 24th November 2016) confirmed that the AGS complied with the relevant guidance and that it was consistent with the external auditors' knowledge.

3. Summary of progress against the 2016/17 action plan

- 3.1 Ensuring that the Council's governance arrangements are fit for purpose is an ongoing process. The Annual Governance Statement 2016 identified a number of actions. The table below provides an update of progress made with the action plan.

Action	Timescale	Update
Devise and put in place a contract and contractor management toolkit <i>(Financial Services Team)</i>	Jan 2017	<p>COMPLETED</p> <p>A toolkit has been developed and is being rolled out (full implementation by 31st March 2017).</p> <p>The new guidance will help ensure that contractors follow MVDC's ethical values, policies and procedures (including sections on health and safety, equalities, data protection, anti-fraud and corruption and freedom of information).</p>
Produce an officers' guide to procurement rules <i>(Financial Services Team)</i>	Jan 2017	<p>IN PROGRESS</p> <p>The procurement section on the intranet has been updated, highlighting contract standing orders and includes a new 'quick guide' to tendering. Other quick guides for officers are in production, including a guide to writing specifications. The aim is to raise awareness of procurement rules within the organisation and better equip those responsible for managing contracts, enabling them to achieve service improvements, value for money and efficiencies where possible.</p> <p>The section on the MVDC website on Tendering for Work at MVDC has also been updated.</p>
Review strategy and processes for embedding organisational values <i>(HR and Organisational Development Team)</i>	Oct 2016	<p>COMPLETED</p> <p>The embedding of the organisation's new values will ensure that our recruitment, induction, and personal development processes encourage employees to uphold ethical values. New initiatives include:</p> <ol style="list-style-type: none"> 1. The induction day for new staff now includes the promotional video used at the launch of the organisation's new values 2. The person specification template is being re-drafted to include a section on demonstrating a commitment to our values 3. Personal development (appraisal) forms are being re-designed to include an assessment of individuals putting our values into practice

Action	Timescale	Update
		<p>4. The Customer Charter is in the process of being refreshed to incorporate values</p> <p>5. The 'Above and Beyond' award will be re-launched to incorporate reference to values to ensure we appropriately reward those who reflect our values in their work</p>
<p>Establish the principles and scope for a new Workforce Plan for the organisation <i>(HR and Organisational Development Team)</i></p>	<p>Dec 2016</p>	<p>IN PROGRESS</p> <p>We have put in place a targeted and pragmatic approach to workforce planning, focusing on particular services with most pressing need. We will build on this work to develop a longer term HR and workforce strategy to ensure we continue being able to deliver on our corporate priorities.</p>

4. Developments since the 2016 Annual Governance Statement

- 4.2 Since the Audit Committee approved the Annual Governance Statement in September 2016, there have been a number of partnership working developments that add to our corporate governance arrangements. Partnerships allow for resources to be used more efficiently and outcomes achieved more effectively and it is important that they have clear governance arrangements. These are outlined below and will be included in the annual review of governance arrangements which will underpin the 2017 AGS.
- 4.3 MVDC has entered into an Inter Authority Agreement (IAA) with two partner authorities to create a new shared building control service, with Tandridge District Council as the host authority. A Joint Partnership Board will oversee the new service, underpinned by the IAA which sets out the delegation of functions and main terms of the partnership. It sets out how risks and liabilities will be shared across partners. It also sets out how any disputes would be resolved, arrangements for termination and monitoring of performance.
- 4.4 An IAA will also underpin a new partnership arrangement with Tandridge District Council for the provision of environmental health and licensing services. Similarly, an IAA is an important aspect of the new Joint Waste Contract between four partner authorities.
- 4.5 A further development has been the Asset Investment Strategy which was agreed (by Council in October 2016) in order to meet MVDC's budget pressures over the coming years. The governance arrangement is a company structure comprising a holding company with a subsidiary which will enable MVDC to borrow money, in order to implement its Asset Investment Strategy, with the most tax efficient arrangements possible. The Asset Investment Working Group has been set up which will ensure that Members are sighted and consulted on the implementation of the Asset Investment Strategy and enable officers to consider the views of Members prior to reaching any decision that falls within their delegated powers.

4.6 In a similar vein, a governance review arising from a merger between Circle Housing and Affinity Sutton Group (to become Clarion) resulted in new arrangements, agreed in December 2016, which provide assurance for the Council on the reporting of Mole Valley's performance and partnership working for the future.

5. Next steps

5.1 The annual review of our corporate governance arrangements will be undertaken in April/May and this will be reported in the draft Annual Governance Statement which will be presented to Audit Committee in June 2017.

6. Financial Implications

6.1 MVDC's financial management arrangements conform to the governance requirements of the *CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015)*. The Financial Regulations (contained in the Council's Constitution) govern the manner in which the Council's financial activity is conducted and its financial interests are safeguarded.

7. Legal Implications

7.1 MVDC's corporate governance structure is consistent with a variety of professional codes, statutes and guidance, including the principles contained in the *Delivering Good Governance in Local Government Framework (CIPFA/SOLACE, 2016)*. Key elements of MVDC's governance arrangements are set out in the Council's Constitution, including legal matters and decision making. All decisions to be taken by Members are supported by a legal assessment of the implications.

CORPORATE IMPLICATIONS

Monitoring Officer commentary

The Monitoring Officer is satisfied that all relevant legal implications have been considered.

S151 Officer commentary

The s151 Officer confirms that all relevant financial risks and implications have been considered in this report.

Risk Implications

Ensuring that an effective risk management system is in place is a key component of our governance arrangements. MVDC has arrangements in place to ensure the effective management of risk. Risk registers are in place across the organisation linked to the achievement of corporate priorities.

Equalities Implications

There are no equalities implications arising as a direct consequence of this report.

BACKGROUND PAPERS

Delivering Good Governance in Local Government: Framework [Chartered Institute of Public Finance (CIPFA) in association with the Society of Local Authority Chief Executives (SOLACE), 2016]

Delivering Good Governance in Local Government: Guidance Note for English Authorities (CIPFA/SOLACE, 2016)