

AUDIT AND GOVERNANCE COMMITTEE



Report subject	Annual Governance Statement 2020/21 - Action Plan Update
Meeting date	13 January 2022
Status	Public Report
Executive summary	<p>This report provides an update against the Annual Governance Statement (AGS) Action Plan which identified actions to be taken to address the significant governance issues in 2020/21 AGS, as follows:</p> <ol style="list-style-type: none">1) <u>Governance of Children's Social Services</u> - Delivery of the 15 point action plan has a robust governance structure. Significant improvements have been made from last year, from a weaker starting point than was first realised. All services are showing improvement, albeit with different rates of progress. In December 2021, Ofsted completed an inspection of local authority children's services visit, the outcome of which will be known in February 2022, when the report will be published. The improvement plan is being adjusted in line with findings of this Inspection.2) <u>Governance Arrangements with External Bodies</u><ol style="list-style-type: none">a) Parks, charities and trusts – two reports on the governance of public parks have been taken to Audit & Governance Committee in the year. The December 2021 report made recommendations including for a report to assess all BCP parks and open spaces trusts arrangements, including options for governance arrangements. The Internal Audit review resulted in a partial audit option, meaning there are weaknesses in the control framework which are putting service objectives at risk.b) Partnerships – progress has been made to develop a corporate partnership register and draft guidance, however, this has been slower than anticipated and is now due to be completed by 31/3/2022. <p>Progress to ensure full compliance with the Financial Management Code from 2021/22 is underway. The Council's Finance transformation programme, along with other measures, is expected to deliver improvements, savings and efficiencies.</p>

Recommendations	It is RECOMMENDED that: Audit & Governance Committee note the progress made to address the significant governance issues on the BCP Council AGS Action Plan 2020/21 and the actions required to ensure full compliance with the Financial Management Code.
Reason for recommendations	Audit & Governance Committee has the responsibility for considering the arrangements for Corporate Governance including reviewing and approving the AGS.
Portfolio Holder(s):	Councillor Drew Mellor, Leader of the Council
Corporate Director	Graham Farrant, Chief Executive
Report Authors	Nigel Stannard - Head of Audit & Management Assurance ☎01202 128784 ✉ nigel.stannard@bcpcouncil.gov.uk Ruth Hodges – Audit Manager (Deputy Chief Internal Auditor)
Wards	Council-wide
Classification	For Update

Background

1. The 2020/21 Annual Governance Statement for BCP Council was approved by Audit and Governance Committee in July 2021. It concluded that BCP Council “has effective and fit-for-purpose governance arrangements in place in accordance with the governance framework”. However, two significant governance issues were identified as follows:
 1. Governance of Children’s Social Services –serious concerns, including in leadership and management, were raised by Ofsted in the focused visit to Children’s Services in October 2020. In response, a 15-point action plan was produced, delivery of which is being overseen by a robust governance structure.
 2. Governance Arrangements with External Bodies – to ensure governance arrangements are fit for purpose in the following areas:
 - a. Parks, charities and trusts – to address governance concerns
 - b. Partnerships – to improve corporate oversight and guidance
2. An Action Plan to address these was approved, and it was agreed that a progress report be presented to this January 2022 Audit and Governance Committee.
3. Work will shortly commence to prepare the 2021/22 AGS, which will include the completion of assurance statements by all service and corporate directors, which

will be used to assess adequacy of the governance framework. The draft will be available for public inspection in line with the statutory time frame (currently June 2022).

4. As required by best practice, the 2020/21 AGS also considered progress towards compliance with the Financial Management Code, which provides guidance for good and sustainable financial management. Full compliance is expected from 2021/22; during 2020/21, a self-assessment against the FM Code was undertaken. This concluded that BCP Council was largely compliant across all areas, with actions identified to move towards full compliance. The Council's Finance transformation programme is in its initial stage and is expected to deliver improvements, savings and efficiencies, along with the other measures identified.

Action Plans - Update

5. Table 1 shows progress made to date again the actions identified in the AGS, and Table 2 shows progress against the actions required to ensure compliance with the Financial Management Code.

Table 1 - showing Update against Annual Governance Statement 2020/21 Action Plan:

1	<p>Governance of Children’s Social Services</p> <p>A focused visit to Children’s Services made by Ofsted in October 2020 resulted in a formal published letter sent on 27 November 2020. This set out serious concerns about the quality of services, which warranted urgent and immediate attention. These included governance related concerns, with the failures mostly in leadership and management.</p> <p>In response, a 15-point Action Plan has been produced, which contains all the areas for improvement needed for the service to reach the level required by the full ILACS (inspection of local authority children’s services) by Ofsted. The Action Plan is rigorously monitored by the Department for Education Children’s Services Improvement Advisor holding Children’s Services leadership to account. The midway review of progress was carried out in April 2021 to benchmark the progress made to date. Satisfactory progress was made across all areas. In particular, the building blocks for sustainable change are now in place to improve the lived experience of children, young people and their families. The previous Learning Improvement Plan, and any outstanding issues, have been superseded by the above Action Plan.</p> <p>Delivery of the action plan has a robust governance structure. A Children’s Services Improvement Board was set up, chaired by the DfE Children’s Services Improvement Adviser. The Board meets six-weekly. The Leader of the Council, the two relevant Cabinet members, the Chief Executive, the interim Director of Children’s Services, a DfE representative, the LGA-appointed chair of the SEND Improvement Board and BCP’s Director of Finance are core members. Group Leaders are briefed regularly, and Children’s Overview and Scrutiny receive regular reports.</p> <p>All services are showing improvement, monitored through performance data and evidence-based Practice Learning Reviews (audits) to ensure progress is being made with pace and purpose. Improvements in the weakest services correlated directly with the appointment of new interim managers who are highly experienced in running these services and who know from experience how to improve them. Step changes in performance can be seen in the multi-agency safeguarding hub (MASH): in court work and in performance planning for children in care or on the edge of care; and in the timeliness of assessments.</p> <p>Significant improvements have been since the Ofsted focused visit, which were acknowledged by Ofsted in the ‘Annual Conversation’ held in April 2021. They also recognised, as does BCP Council, that further improvements at pace are still required, including changes to culture.</p>		
<p>Action Points</p>	<p>Responsible Officer</p>	<p>Target Date</p>	<p>Update – December 2021</p>
<p>Delivery of the Action Plan (as detailed above)</p>	<p>Corporate Director – Children’s Services</p>	<p>As per Action Plan</p>	<p>The service continues to work on improvements in line with the 15-point Action Plan produced following the October 2020 ‘focussed visit’ by Ofsted. The plan covers all the areas for improvement needed for the service to reach the level required by the full ILACS (inspection of local authority children’s services) by Ofsted. The Action Plan is rigorously monitored by the Department for Education Children’s Services Improvement Advisor holding Children’s Services leadership to account. Satisfactory progress was made across all areas reported in the April 2021 midway review. In particular, the building blocks for sustainable change are now in place to improve the lived experience of children, young people and their families. Two separate Boards/Committees established this year, give added strength to the overall governance arrangements – the BCP Children and Young Peoples Partnership Board, which is a multi-agency Board and the BCP Safeguarding Children Committee, which is also multi-agency, focussing on children’s safety and protection.</p> <p>Delivery of the Ofsted action plan has a robust governance structure. A Children’s Services Improvement Board, chaired by the DfE Children’s Services Improvement Adviser which meets six-weekly. The Leader of the Council, the two relevant Cabinet members, the Chief Executive, the interim Director of Children’s Services, a DfE representative, the LGA-</p>

appointed chair of the SEND Improvement Board and BCP's Director of Finance are core members. Group Leaders are briefed regularly, and Children's Overview and Scrutiny Committee receives regular reports.

Significant improvements have been made from last year, from a weaker starting point than was first realised. These were acknowledged in the Annual Conversation in April 2021 by Ofsted. All services are showing improvement, albeit with different rates of progress. This is monitored through performance data and evidence-based Practice Learning Reviews (audits) to ensure the maximum pace and purpose. The areas for priority action in the focussed visit were addressed immediately and significant investment in leadership development was made through a DfE-funded partnership with Hampshire County Council. Step changes in performance can be seen in the multi-agency safeguarding hub (MASH): in court work and in performance planning for children in care or on the edge of care; and in the timeliness of assessments. The amount of poor work through greater management grip is decreasing. All improvements have been made at the same time as managing extremely high need and pressure as a result of the Covid pandemic. Despite these unprecedented pressures, improvements have started and there is now a strong edge of care service offer being embedded and a 'team around the school' service which is aimed at ensuring children and young people who need early help are identified and supported in their everyday settings, accompanied by a much better application of thresholds. Corporate parenting is stronger, participation of children, young people and their families is getting better, permanence plans for children are in place and specialist teams such as the Virtual School, CHAD and Complex Safeguarding have made significant improvements. The improvement journey will be a long one (years) and whilst there has been some progress in the recruitment of permanent staff, there is still too much churn in some services, e.g. the Assessment Service and too much reliance on agency staff.

The 3 main pillars of Children's Services – social care, SEND and inclusion practice in schools – all need further sustained improvement, and work is ongoing to integrate our improvements to become more efficient and effective in how we approach improvement programmes. There is also a need to become more consistent as well as pacier. The quality of practice needs to keep improving to impact on the lived experience of our children, young people and families.

There is a highly committed and motivated workforce who are determined not just to withstand increased pressure, but to go on making the necessary improvements. It is recognised that further improvements at pace are still required, including changes to the operating culture in BCP. In December 2021 Ofsted completed an ILACs visit, the outcome of which will be known in Feb 2022, when the report will be published. The improvement plan is being adjusted in line with findings of this Inspection.

2 **Governance Arrangements with External Bodies**

In the 2019/20 AGS, BCP Council recognised that it needed to ensure that its governance arrangements with the organisations it engages with are sufficiently robust and fit for purpose, and this was reflected in the action plan. Significant work has been undertaken to improve overarching governance and to review and strengthen arrangements with external bodies over the year. This has included strengthening the BH Live contract management and governance arrangements, including strategic, operational and financial, operating in line with agreed frequencies. Substantial progress has been made to enhance the governance in the housing companies, including the agreement to appoint a permanent company secretary. Plans to externalise the Russell Cotes Museum into a separate charity are now well underway. Corporately, a comprehensive review of the BCP Council Constitution has started which will include the Officer/Member Protocol and the Monitoring Officer has delivered training covering governance and decision-making to Councillors. The Audit & Governance Committee have received presentations on the governance arrangements for trusts, companies and charities. However, the Council has identified specific areas in which it needs to further strengthen its arrangements, and work is in progress to improve the following:

- a) **Parks, charities and trusts** (including Five Parks Trust, Lower Central Gardens Trust and Parks Foundation Limited) – progress in implementing previous recommendations has been slower than anticipated, due to the role of the service in responding to the management of excess deaths and support to the Coroners and Bereavement functions during the pandemic. Governance concerns remain, such as the Lower Gardens Trust which has not held a Board meeting since 2019. Initial discussions regarding a review of governance have been held with Legal.
- b) **Partnerships** – whilst local partnership registers are largely in place, there is no BCP Corporate Partnership Register. However, work is underway to compile one. Whilst arrangements are in place for some individual partnerships, there is no corporate oversight of the arrangements, nor any guidance (other than that in the Financial Regulations) for best practice in managing partnerships, including governance arrangements.

Action Points	Responsible Officer	Target Date	Update – December 2021
1. Parks, charities and trusts			
a. Outline presentation to Audit & Governance Committee in June 2021	Chief Operations Officer	30/6/21	A report on the governance of public parks in the BCP Council area was taken to Audit & Governance Committee (A&G) in June 2021. In response to the issues raised, the Committee resolved that a report reviewing the governance of BCP’s public parks be provided to A&G and Overview and Scrutiny Board at the earliest opportunity. A report was taken to A&G in December 2021, with recommendations for further due diligence, a review of the Memorandum of Understanding, and a report to assess all BCP parks and open spaces trusts arrangements, including recommendations for governance arrangements (see c below).
b. Internal Audit requested by the Service Director to be undertaken by end July 2021 with action to be delivered by March 2022	Director – Environment	31/7/21	The planned Internal Audit has been completed and has been given a partial audit option, meaning there are weaknesses in the control framework which are putting service objectives at risk. Issues identified included ill-defined and inconsistent management and governance arrangements, lack of appropriate legal agreements and failure to hold regular Lower Central Gardens Trust Board meetings. Further details,

			are reported to this Committee in the 'Internal Audit – Quarterly Audit Plan Update paper'.
c. Parks Trust arrangements to be reviewed to achieve consistency and meet all relevant governance requirements	Chief Operations Officer & Monitoring Officer	31/3/22	Following the report to A&G in December, it was agreed that legal services will commission a report to assess all trust arrangements for parks and open spaces across BCP and produce recommendations for governance arrangements.
Partnerships			
a. The Corporate Partnership Register is completed	Head of Policy & Performance Management	30/9/21 Revised 31/3/22	Work has started on developing the register but this is not complete.
b. Corporate oversight of partnerships is established, including use of the Partnership Register	Chief Executive	30/9/21 Revised 31/3/22	BCP Council has corporate oversight of partnerships. The recent peer review looked at the council's partnership arrangements in some detail. Early indications are positive about the Council's established and developing partnership arrangements.
c. Corporate partnership guidance is produced to supplement Financial Regulations, which can also be used for compliance purposes	Head of Policy & Performance Management	31/12/21 Revised 31/3/22	Partnership guidance has been drafted. It is subject to further review and expected to be presented to DSG for feedback by March 2022

Table 2 - showing Update against Actions required to achieve full compliance with Financial Management Code :

	Issue	Recommendation	Update – December 2021
1	The children's services capital strategy is under-developed with no new projects included in the 2021/22 programme and a residual programme of less than £1million in future years.	A children's services capital strategy and detailed plan to be prepared - aiming for Cabinet in July 2021 and going forward to be refreshed annually as part of the February budget report.	A report was taken to Cabinet in October 2021. Further detail to be included in the budget report in February 2022.
2	An analysis of the overall capital requirements of the council's estate is not yet in place to inform a capital strategy or estate management arrangements. This is in progress supported by consultants.	The physical estate needed to support future service delivery and corporate objectives should be established alongside future estate management arrangements to determine an appropriate corporate landlord model for the council. Capital strategy to be informed by the review.	Report taken to Corporate Management Board from consultants Avison Young on 7 December – next steps being considered.
3	The council involves a range of stakeholders in setting the annual budget, this includes specific consultation on service-based savings plans but not general consultation with residents.	Consideration of whether the budget process would be enhanced by any additional consultation processes.	Budget simulator exercise being considered to support the 2023/24 budget.
4	There is little regular reporting of balance sheet items to Corporate Management Board (CMB), other than the level of projected reserves and transformation costs in quarterly Cabinet reports. Other items are monitored through monthly budget overview meetings with the chief executive and leader of the council.	Determine if further balance sheet and other items (e.g. procurements undertaken) should be monitored by CMB.	No new items being monitored in 2021/22 as current arrangements, although not ideal, are considered to be adequate with the resources available. The need for regular reviews of the balance sheet is being considered as part of the Finance transformation programme for the future as the Council's ambition is growing with larger and more complex projects being planned. The detailed work package proposal (SWPP) was signed off by the Transformation Board on 9 November.

5	<p>The detail of fixed assets for accounting purposes is maintained on spreadsheets with the inherent risk of data corruption or loss going undetected with little system reliance. There is no link with the subsidiary systems that provide other asset management information.</p>	<p>The main accounting systems, including for fixed asset recording, is an early work package for the strategic investment partner and will take time to implement.</p>	<p>The Finance transformation programme is at the initial stage. There are plans to implement a fixed asset module through a project workstream. As above, the detailed work package proposal (DWPP) was signed off by the Transformation Board on 9 November. Implementation of the new system is expected from 1 April 2023 and will deliver savings and efficiencies. In the meantime, the current spreadsheet system is considered adequate but not ideal.</p>
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Options Appraisal

6. An options appraisal is not applicable for this report.

Summary of financial implications

7. There are no direct financial implications from this report.

Summary of legal implications

8. There are no direct legal implications from this report.

Summary of human resources implications

9. There are no direct human resources implications from this report.

Summary of sustainability impact

10. There are no direct sustainability impacts from this report.

Summary of public health implications

11. There are no direct public health implications from this report.

Summary of equality implications

12. There are no direct equality implications from this report.

Summary of risk assessment

13. There are no direct risk implications from the report. However, failure to improve the governance arrangements in the areas identified will mean those risks are not addressed.

Background papers

Annual Governance Statement 2020/21 (Audit & Governance Committee 29/7/21)

Appendices

There are no appendices to this report.