



AUDIT & GOVERNANCE COMMITTEE 5 December 2016

GOVERNANCE UPDATE REPORT

SUMMARY AND PURPOSE:

The purpose of this report is to provide an update on the council's governance arrangements during the first six months of 2016/17.

RECOMMENDATIONS:

The Committee is asked to:

- a) Confirm whether it is satisfied with the ongoing governance work; and
- b) Agree whether any concerns should be referred to the Cabinet or to the relevant Cabinet Member.

2016/17 GOVERNANCE ARRANGEMENTS:

- 1 Updates on many different areas of governance are continuously reported to senior management and members through networks, groups and boards. The information below provides a summary on the areas of governance that were identified within the 'Focus for 2016/17' section of the 2015/16 Annual Governance Statement and that are key to supporting the increasing number and scale of challenges that the council is facing.

Improving services for children

- 2 The 'Safer Surrey' approach is being embedded across the whole of Children, Schools and Families. The approach is built on empowering children and families to make positive decisions about their future.
- 3 The Children's Improvement plan was refreshed in October 2016 and is reviewed regularly at the Children, Schools and Families leadership team and updates are provided to the Statutory Responsibilities Network. Regular member scrutiny is provided through the Improvement Board, the Social Care Services Board and member seminars.
- 4 Progress has been made on the Children's Improvement plan but Ofsted noted that improvement needs to be initiated with greater speed across the service. Ofsted also confirmed that the service had taken the correct initial steps, particularly embedding the Safer Surrey approach, but there is more to do to ensure consistency in practice.

- 5 Leadership within the council is now stronger following changes to senior roles and responsibilities and the introduction of clearer expectations and routines for performance, accountability and collaboration.

Health and Social Care

- 6 Integration work is constantly expanding with a focus on enabling the council to commission or deliver better services. Surrey's Sustainability and Transformation Plans (STPs) are being developed across the three areas of Surrey Heartlands, Frimley Health and Sussex and East Surrey. The STPs are overarching strategic plans for local health and care systems over the next five years and are built around the needs of local people.

Devolution

- 7 Discussions are continuing with government about securing a Three Southern Counties (3SC) devolution deal. The council is working with a number of partners, including three county councils; 23 district and borough councils; three local enterprise partnerships; businesses; 12 Clinical Commissioning Groups and more, to meet local needs through having more control over local decision making.

Sustainability

- 8 The council reported a £22.4m forecast budget overspend for 2016/17 to Cabinet in October. The report highlighted the seriousness of the council's financial situation and that action is urgently required to identify and agree a plan to achieve a balanced and sustainable budget.
- 9 Senior officers and Cabinet Members have met with Surrey MPs to explain the council's financial pressures and the changes to services that will be required in order to secure a more sustainable financial basis for Surrey County Council.

Staff

- 10 Feedback on the pay and reward review proposals resulted in a changed and improved offer and a collective agreement was secured in relation to the pay settlement for non-school's based staff for 2016/17. A new behaviours framework has been launched to help strengthen appraisals and the role of performance management.
- 11 The 2016 staff survey has recently taken place. Results are due in early 2017 and will provide information on how staff feel about the organisation.

Appointing an external auditor

- 12 The Local Audit & Accountability Act 2014 established new arrangements for the audit and accountability of local authorities, which includes the ability of local authorities to appoint their own auditors from the 2018/19 financial year. Under the provisions of the new regulations Surrey County Council must appoint an external auditor by 31 December 2017 for the 2018/19 accounts.

- 13 County Council on 11 October approved the decision to opt-in to the sector led appointment provided by Public Sector Audit Appointments Ltd (PSAA¹) who are developing a national collective scheme. Invitations to opt-in have been sent to local authorities by the PSAA and a notice of acceptance must be sent back by 9 March 2017. The auditor appointment process will be similar to the current arrangements whereby a joint procurement process will be undertaken by PSAA and the council will be allocated an external auditor along with a fee for a fixed period of time.

IMPLICATIONS:

Financial

- 14 There are no direct financial implications of this report.

Equalities

- 15 There are no direct equalities implications of this report.

Risk management

- 16 An effective governance and internal control environment leads to improved performance and outcomes for residents.

WHAT HAPPENS NEXT:

Governance update reports will be provided to future Committee meetings.

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Sources/background papers: 2015/16 Annual Governance Statement, Governance Panel papers, working papers, Code of Corporate Governance

¹ PSAA is a company owned by the LGA's Improvement and Development Agency. It has been specified as the sector-led body and has the power to make auditor appointments from 2018/19 on behalf of principal local government bodies that opt in.

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