



**AUDIT & GOVERNANCE COMMITTEE**  
4 December 2017

**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 2017/18.

**RECOMMENDATIONS:**

The Audit and Governance 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.

**2017/18 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 2017/18' section of the 2016/17 Annual Governance Statement and that are key to supporting the increasing number and scale of challenges that the council is facing.

**Sustainability**

- 2 In recognition that the level of savings required to produce a balanced budget in 2017/18 and beyond were significant, and higher than ever before, a process of focused monitoring of the delivery of the necessary savings has been implemented and there has been regular reporting to both the Chief Executives Direct Reports meeting (CEDR) and Cabinet on progress against savings milestones and achievability.
- 3 The council reported a £17m forecast budget overspend for 2017/18 to Cabinet in October. As the council has a duty to ensure its expenditure does not exceed resources available, the report recommends that services must continue to take all reasonable action to manage the costs within resources available by keeping costs down and maximising income, balanced with not affecting service delivery unnecessarily.
- 4 Senior officers and Cabinet Members continue to make the case to Government (via Members meeting with Surrey MPs and ministerial letters), to explain the council's financial pressures and ensure Government understands the impact of current funding mechanisms on Surrey. Areas discussed included public health

13 funding and learning disability funding. In addition, the council alongside all Surrey authorities, have submitted an application to be a pilot for 100% business rate retention.

### **Improving services for children**

- 5 Following discussion through the Children's Improvement Board (Chaired by the Leader of the Council) a refreshed Surrey Children's Improvement Plan was published on 31 October 2017 setting out progress to date, the key multi-agency commitments for children and actions for October 2017 to September 2018. Each action has an "Improvement Board champion" reflecting the importance of all agencies working together to ensure children are seen, safe and heard.
- 6 Some progress has been made to implement the necessary improvements but the latest assessments of impact - from internal reviews and Ofsted monitoring visits - show that practice quality remains variable and is not consistently meeting the required standards. There remains too much inadequate practice.
- 7 Work is now underway with all frontline staff to clarify the practice standards required for children, and to ensure all practitioners are supported and challenged more effectively by their managers to meet these.
- 8 The planned work will also address the specific governance improvements that were identified through a Statutory Responsibilities Network (SRN) review in September 2017. The SRN review concluded that while overall there were many examples of improvements in CSF governance arrangements since 2015, further improvements were required on risk management, quality assurance, management oversight, and follow-up to a SEND2020 internal audit.
- 9 The Improvement Board will continue to oversee and scrutinise the work and its impact for children. Regular Member scrutiny will continue through the Improvement Board, the Children and Education Select Committee and member seminars. There will also be ongoing reviews of progress through the SRN and assurance meetings with the Leader, Lead Members and Chief Executive. The next Ofsted visit, due anytime from the start of 2018, will be a full re-inspection.
- 10 Alongside the children's safeguarding improvement work there is also ongoing improvement work on services for children with special educational needs and disabilities (SEND). The DfE and Care Quality reviewed progress in August and confirmed that good progress is being made. At their final monitoring visit of 2017 in November, they also indicated verbally that they could see further signs of progress. The SEND Partnership Board will continue to drive the required improvements and their sustainability. Overall impact and progress on SEND improvements will also continue be reported to the Improvement Board.
- 11 Note that Rose Durban started in the role of Interim Director of Children/s Services (DCS) (and lead for the Children's, Schools and Families directorate) on 2 October 2017. Rose is an experienced DCS who worked alongside the council in her previous role as the Department for Education's Improvement Advisor.

### **Health Integration**

- 12 Integration continues at pace through Surrey's three Sustainability and Transformation Partnerships (STPs). These remain the primary driving force to achieve the Council's ambition of ever closer integration with its health partners.
- 13 In the Surrey Heartlands Partnership, David McNulty has been appointed as its Independent Chair. The first meeting of the integrated commissioning Joint

Committee took place and Dr David Eyre-Brook was elected chair and Helyn Clack elected vice chair. Heartlands now also has a dedicated website at [www.surreyheartlands.uk](http://www.surreyheartlands.uk), where it will post updates on its plan, priorities and the Heartlands Academy.

- 14 Frimley Health & Care STP secured a place on the national Accountable Care System development programme and received the top rating 'outstanding' in the first national assurance process by NHS England. The STP has a clear delivery plan and has set priorities that include prevention, emergency care, general practice, mental health and cancer services.
- 15 The STP has an agreed governance framework and signed a Memorandum of Understanding between NHS England and the local partners including the County Council. A Frimley Health and Wellbeing Alliance has been established with membership drawn from all five local Health and Wellbeing Boards from the system to agree system priorities.
- 16 In Sussex & East Surrey STP, Bob Alexander has been appointed as Executive Chair, replacing Michael Wilson. Priorities include winter preparations, flu campaigns and a strategic framework for mental health services. In East Surrey specifically, GPs, community NHS services, and local councils are working together to deliver new models of care under four priorities - urgent and primary care, long-term conditions, complex needs, and prevention

#### **Organisational Culture & Staff**

- 17 A new leadership development programme has been developed that focuses on communication, setting clear expectations and coaching. It is a more self-directed and flexible programme to support leaders and managers with their varying challenges, needs and time constraints.
- 18 The 2017 staff survey has recently taken place. Results are due in early 2018 and will provide information on how staff feel about the organisation.
- 19 The Code of Conduct for staff has recently been updated. The Code of Conduct applies to all staff, workers, contractors and their staff whilst working for, or on behalf of, Surrey.

#### **Other areas of Focus:**

- 20 Comprehensive training for new and returning Councillors  
 After the local elections in May 2017, the Council designed and delivered a comprehensive training and guidance programme for new and returning Councillors, including the code of conduct, committee processes and introductions to the council's service areas. New members were 'buddied' with senior managers to help them learn the role and the services of the council and signpost them to officers for queries. 97% of Councillors rated the induction as good or excellent as part of an induction survey conducted in September 2017.
- 21 Appointing an external auditor  
 The Council continues to work with Public Sector Audit Appointments Ltd (PSAA<sup>1</sup>) to ensure the new arrangements and responsibilities within the Local Audit & Accountability Act 2014 regarding the appointment of external auditors are met. On 11 October 2016 the County Council approved the decision to opt-

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<sup>1</sup> 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.

in to the sector led appointment provided by PSAA who are developing a national collective scheme. In September 2017, the PSAA engaged in a consultation period with the Council regarding their proposal to appoint Grant Thornton as the Council's external auditor for up to 5 years from 2018/19. There is an expectation that this appointment will be finalised in early December.

## 22 Pensions Pooling

Work to form the new pensions pooling company continues, building its investment structure and obtaining Financial Conduct Authority approval for its operation. The company has started to make appointments of senior staff and the wider governance framework is beginning to take shape.

## 23 Resident Engagement

The council currently engages and consults with residents and partners using a number of methods which include paper and electronic surveys, face to face engagement and social media. The council has a dedicated consultation hub 'Surrey Says' where most consultations are published. As well as the consultations, the site also features a 'We Asked, You Said, We Did' section where the Council provides feedback on the actions taken or not taken as a result of consultation. Over the next few months there are proposal to refine the approach to consultation and engagement to enhance residents' opportunities to influence.

## 24 GDPR preparedness

The General Data Protection Regulation (GDPR) is a new legal framework in the EU. It has many similarities with the existing UK Data Protection Act 1998 but also contains some new and different requirements. The GDPR will apply in the UK from May 2018. The Council is expected to put into place appropriate governance measures in relation to this framework. The Statutory Responsibilities Network are currently assessing the Council's preparedness and any other actions required to meet these new requirements.

### **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:** 2016/17 Annual Governance Statement, Governance Panel papers, working papers, Code of Corporate Governance