

## Appendix C: Significant governance issues

To ensure services are delivered to acceptable standards whilst achieving the budget savings required and managing strategic risks, the Council as planned in the **Annual Governance Statement 2018/19**, during 2019/20 strived to achieve and delivered the following outcomes:

<b>Targeted outcome 1</b>	<b>Services review, identify and deliver efficiency savings, financial assumptions become more refined and budget plans are in place to deliver services within the resources available.</b>
<b>Strategic Risk</b>	High: Lack of clarity from Central Government on the future funding levels and changes to Local Government powers and financing, plus increased uncertainty re: local resources which inhibits the ability to calculate future budgets (including funding methodology).
<b>Activity 1.1</b>	<b>James Walton April 2020</b> Central Government Funding mechanism is expected to change because of Fair Funding and Business Rates Retention from 2020/21. Early sight of implications, modelling of suspected impacts and responses to all consultation requests is essential.
<b>March 2020 update</b>	Fair Funding was delayed in year to April 2021, and due to Covid-19 was delayed further to at least April 2022. Existing grants were uplifted for inflation and other factors and rolled forward into 2020/21. This enabled a balanced budget to be set, although an additional £14m savings target had to be achieved.
<b>Activity 1.2</b>	<b>James Walton July 2019</b> Future funding levels are now closely aligned with new rules under Prudential Code for Council to produce a 20-year Capital Programme expressed within a revised Capital Strategy. This strategy to be linked with other corporate strategies in place.
<b>March 2020 update</b>	Financial Strategy, Capital Strategy, Commercial Strategy, Asset Management Strategy Workforce Strategy, Workforce Digital Strategy and Treasury Management Strategy were all refreshed, updated, brought into alignment and approved by Cabinet and/or Council in February 2020.
<b>Activity 1.3</b>	<b>James Walton Sept 2019</b> NHB <sup>1</sup> may be abolished from 2020/21, worth £7.2m in 19/20 and a significant (absolute and relative) benefit to Shropshire. This has been raised with Directors and Members and will form part of lobbying with local MPs. Currently still working to 2020/21 for the potential abolition of NHB. Council will need to identify an alternative for £7.2m NHB currently being utilised in the Financial Strategy prior to this indicative abolition date; alternative funding or additional savings.
<b>March 2020 update</b>	NHB Legacy Payments have been removed leading to a phasing out of this grant over the next four years. This has been factored into the Financial Strategy and the consequent funding gaps each year.
<b>Activity 1.4</b>	<b>James Walton June 2019</b> Initial exemplification produced by SCT <sup>2</sup> to model impact of fairer funding. Adult Services modelling suggests Shropshire would benefit, but potentially by too small a margin to make a significant impact. Further work to be undertaken and actions will then arise.

<sup>1</sup> New homes bonus

<sup>2</sup> Society of County Treasurer's

<b>March 2020 update</b>	Fair Funding delayed to at least April 2022. Unknown impact in meantime with little expectation of an update from government before autumn/winter 2020.
<b>Targeted outcome 2</b>	<b>The workforce can effectively deliver the objectives of the Council and meet its priorities. The workforce has the right people in the right place at the right time, but allows flexibility to adapt and change to economic, and external factors. Levels of sickness absence is low; staff are trained and competent in their roles and morale is high.</b>
<b>Strategic Risk</b>	High: Inadequate retention and recruitment of experienced and qualified staff results in insufficient capacity and experience to sustain Council's service provision.
<b>Activity 2.1</b>	<b>Michele Leith 30<sup>th</sup> June 2019</b> Workforce Strategy to be reviewed in line with the Target Operating Model work and updated with the creation of Organisational Development Strategy/Plans to support.
<b>March 2020 update</b>	Updated and approved by Cabinet February 2020.
<b>Activity 2.2</b>	<b>Michele Leith July 2019</b> Re-structure of Human Resources team to allow senior officers to spend time on transformation.
<b>March 2020 update</b>	HR Business Partners introduced and embedded. Temporary Payroll Manager in place recruitment planned
<b>Activity 2.3</b>	<b>Michele Leith April 2019</b> Report to Directors in the new year with outcomes/recommendations following the staff survey of 2018. Communication out to the workforce "You Said, We Did" thereafter.
<b>March 2020 update</b>	Responses have been analysed and following COVID19 lockdown and increased remote working; a further survey has been undertaken to explore increased health and safety and use of technology considerations, evaluate emerging risks and opportunities, and follow up the previous staff survey themes to measure progress and new questions.
<b>Targeted outcome 3</b>	<b>Staff are healthy and happy in the workforce and therefore perform to a high standard.</b>
<b>Strategic Risk</b>	High: Increases in work related stress impacts the ability to deliver Council outcomes.
<b>Activity 3.1</b>	<b>Michele Leith 31st December 2019</b> Review of the 'one stop shop' for workplace wellbeing on the staff intranet to raise profile and ensure information is relevant.
<b>March 2020 update</b>	Reviewed programme lots of tools around and directed to staff. Mental Health week delivered around emotional and mental health well-being. More planned around physical well-being.
<b>Activity 3.2</b>	<b>Michele Leith 30 June 2019</b>

	Further proposals for policy change (sickness absence) will be presented to Directors as well as an update on current sickness levels to consider following the work of the joint working group. Action plan to be produced following investigation of context of work related stress.
<b>March 2020 update</b>	There is a recognised mental wellbeing link. We have trained 30 mental health first aiders
<b>Activity 3.3</b>	<b>Michele Leith 30 June 2019</b> Profile of work related stress to be raised with reports going to Health and Well-being Board
<b>March 2020 update</b>	The situation is stable presently. It is difficult to gauge where we are with COVID. BW reporting processes are under design and further work underway on managers completing the information.
<b>Activity 3.4</b>	<b>Michele Leith 30 June 2019</b> Development on mental health awareness at work – resources and tool kit
<b>March 2020 update</b>	Completed and Mental Health first aiders are trained.
<b>Activity 3.5</b>	<b>Michele Leith July 2019</b> A bid has been put forward for funding for the monthly staff MOTs to continue due to charges being applied from help2Change. These have currently been put on hold.
<b>March 2020 update</b>	In place not able to use during COVID
<b>Targeted outcome 4</b>	<b>A clear long-term budget is identified allowing for certainty in the delivery of future services.</b>
<b>Strategic Risk</b>	High: Inability to ensure income exceeds expenditure for the years 2019/20 and beyond for outcomes to be delivered.
<b>Activity 4.1</b>	<b>James Walton June 2019</b> Stage 3 of the Financial Strategy, looking at 2020/21 and beyond will be drawn together for consideration by Cabinet/ Council in Spring 2019.
<b>March 2020 update</b>	This was delayed following the delay in Fair Funding and is now cancelled until government updates on its proposals from April 2022 onwards.
<b>Activity 4.2</b>	Clive Wright May 2019 Directorate objectives to be agreed for each Director linked closely to Financial Strategy requirements in Stage 3.
<b>March 2020 update</b>	The Chief Executive completed Performance Management Appraisals for five Directors with the final appraisal for one Director scheduled for March 2020. Final written feedback to reflect agreed objectives, in line with the Financial Strategy, was to then be provided by the Chief Executive to each Director and follow-up progress meetings were planned. Due to the departure of the Chief Executive on 25/2/20, this documentation is not completed.

<b>Activity 4.3</b>	<b>Michele Leith September 2019</b> Savings - Key area of delivery in “Innovation” pillar: transformation of the Council to deliver efficiency savings in the order of £6m - £10m. Work to develop a Target Operating Model, efficiencies through mobile and flexible working and consolidation of systems is being planned through a working group including Directors and Cabinet Members (including the Leader).
<b>March 2020 update</b>	Significant savings achieved following changes in how we use IT, based on learning from Covid the Council is to develop a different operating model to drive out more savings to reflect the increased use of IT, i.e. smaller head office/ reduced travel and transport.
<b>Activity 4.4</b>	<b>Tim Smith May 2019</b> Savings – Key area of delivery in “Innovation” pillar: Consolidation of our Estate through the ‘One Public Estate’ programme. Asset management strategy being refreshed to align with the capital strategy and commercial strategy.
<b>March 2020 update</b>	Completed and approved by Cabinet February 2020
<b>Activity 4.5</b>	<b>Tim Smith May 2019</b> Council disposals list updated to align with capital receipts target in the capital strategy approved by Council on 14th February 2019.
<b>March 2020 update</b>	Council disposals list updated to inform the Capital Strategy and programme approved by Cabinet and Council in February 2020.
<b>Activity 4.6</b>	<b>James Walton June 2019</b> Workshops with Directors and Cabinet required to examine further areas for savings in 2020/21
<b>March 2020 update</b>	This was completed and £14m of additional savings identified and approved by Council in February 2020. Next steps to be considered with learning from Covid-19 implications and therefore an interim Financial Strategy is targeted for June/July 2020.
<b>Targeted outcome 5</b>	The public are confident in the delivery of Council services.
<b>Strategic Risk</b>	High: Loss of reputation and public confidence in the Council by failing to meet public expectations and identified need.
<b>Activity 5.1</b>	<b>Michele Leith November 2019</b> Communications strategy produced for review by Directors.
<b>March 2020 update</b>	One in place and currently under review following the engagement of an expert in the field to support the Council in improving its approach
<b>Targeted outcome 6</b>	<b>Commercial Strategy delivers outcomes that support the overall direction of the Council.</b>
<b>Strategic Risk</b>	High: Failure to deliver the Commercial Strategy prevents the Council from meeting the corporate outcomes.
<b>Activity 6.1</b>	<b>Mark Barrow June 2019</b> Commercial Strategy refresh. This strategy will be linked to the Capital Strategy.

<b>March 2020 update</b>	Commercial Strategy update 2020-2023; approved by Cabinet February 2020
<b>Activity 6.2</b>	<b>Michele Leith / Tim Smith March 2020</b> Identify opportunities to operate in a more commercial way that are enabled by developments including new IT systems.
<b>March 2020 update</b>	HR advice has a growing business base, planning to build on last year's leadership conference once COVID is managed. IT and data working with commercial partners, completing work for ADASS <sup>3</sup> and developing service level agreements to support the STP <sup>4</sup> with roll out of office 365 and a digital road map.
<b>Activity 6.3</b>	<b>Michele Leith May 2019</b> Senior Leaders quarterly sessions to develop ideas for innovation into projects (ongoing)
<b>March 2020 update</b>	Document approved for a leadership approach and recast for last year to use the apprenticeship levee to get formal qualifications as cohorts plus session going forward
<b>Activity 6.4</b>	<b>Michele Leith September 2019</b> Conference focussing on Leadership and Digital taking place to showcase Shropshire, commercial services and to maximise income generation opportunities.
<b>March 2020 update</b>	See 6.2 above.

<sup>3</sup>Directors of Adult Social Services s

<sup>4</sup> Sustainability and transformation partnerships (STPs); were created to bring local health and care leaders together to plan around the long-term needs of local communities.