

Executive Board – 20 October 2020

Subject:	Report in the Public Interest – Action Plan Update
Corporate Director(s)/Director(s):	Malcolm Townroe – Director of Legal & Governance
Portfolio Holder(s):	Councillor David Mellen, Leader of the Council, Councillor Longford, Deputy Leader of the Council and Councillor Webster, Portfolio Holder for Finance, Growth and City Centre
Report author and contact details:	Daniel Ayrton, Business Development Manager
Other colleagues who have provided input:	Beth Brown, Head of Legal and Governance
Subject to call-in:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Key Decision:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Criteria for Key Decision:	
(a)	<input type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision
and/or	
(b)	Significant impact on communities living or working in two or more wards in the City <input type="checkbox"/> Yes <input type="checkbox"/> No
Type of expenditure:	<input type="checkbox"/> Revenue <input type="checkbox"/> Capital
Total value of the decision:	nil
Wards affected:	All
Date of consultation with Portfolio Holder(s):	9 October 2020
Relevant Council Plan Key Theme:	
Nottingham People	<input type="checkbox"/>
Living in Nottingham	<input type="checkbox"/>
Growing Nottingham	<input type="checkbox"/>
Respect for Nottingham	<input type="checkbox"/>
Serving Nottingham Better	<input checked="" type="checkbox"/>
Summary of issues (including benefits to citizens/service users):	
<p>As agreed at the Extraordinary meeting of the Council on 27 August 2020 this report has been prepared to allow the Executive to consider the feedback from the Overview and Scrutiny Committee and the Audit Committee and to provide a summary update of progress towards implementation of the Action Plan.</p> <p>At an Extraordinary meeting of the Council on 27 August 2020, Nottingham City Council agreed an Action Plan in response to the external auditor’s Report in the Public Interest concerning the Council’s governance arrangements for Robin Hood Energy Ltd (“the Report”). The Action Plan set out a response to each of the 13 recommendations contained within the Report as well as an indicative timeline and accountabilities. The Council also agreed an additional three recommendations as part of the Action Plan.</p> <p>A review of the deadlines set out in the Action Plan has been undertaken to provide assurance of timely implementation. Work is also underway to scope and secure the assistance of suitable external bodies to support the Council in its implementation of specific recommendations.</p>	
Exempt information:	None
Recommendation(s):	

1	To note the work undertaken to date and progress made towards implementation of the Action Plan produced in response to the Report.
2	To consider the feedback of Overview & Scrutiny Committee and Audit Committee in response to the Report and the Action Plan.
3	To note the recommendation to establish a Governance Improvement Board which will be put before Council for consideration at its meeting on 9 November 2020.

1 Reasons for recommendations

- 1.1 Recommendation 1: The Action Plan approved by Council on 27 August 2020 detailed 62 separate actions and sub-actions that would be taken by the Council, in response to the Report. Of these, over half (37) are scheduled for completion by the end of November 2020. Given the seriousness of the auditor's findings it is important that Executive Board are provided with an assurance of progress and implementation of the Action Plan within the expected timeframe.
- 1.2 Recommendation 2: At the meeting of Council on 27 August 2020 it was agreed that Overview & Scrutiny Committee and Audit Committee would be requested to consider the Report and the Action Plan, from their differing constitutional perspectives, and to provide feedback and comment to Executive Board at this meeting. Both documents were reviewed by Overview & Scrutiny Committee on 9 September 2020 and by Audit Committee on 25 September 2020. The minutes of those meetings are attached to this report.

2 Background (including outcomes of consultation)

- 2.1 On Tuesday 11 August 2020, the Council received the Report. The Report required the Council to take the steps detailed in the Local Audit and Accountability Act 2014.
- 2.2 The Report addressed the governance arrangements surrounding Robin Hood Energy and the failure of that governance.
- 2.3 The Report notes that over the last year and with new Council leadership, governance improvements have been put in place. The report made 13 recommendations which the Council had to consider and respond to within one month. Those recommendations spoke to the governance arrangements for Robin Hood Energy in particular but also required the Council to think about its arrangements with all its companies and its governance as a council in general.
- 2.4 In preparing a response to the auditor's report and recommendations, the Council has produced an action plan detailing 62 specific actions it proposes to take. These actions were presented to Council in the form of an action plan a copy of which is appended to this report.
- 2.5 The Council voted to accept the findings of the auditor's report including recommendations R1 to R13. The Council agreed the Action Plan appended to this report, noting that the Action Plan includes a response to each of the external auditor's recommendations, as well as a number of additional recommendations. It also sets out both indicative timelines and accountabilities.
- 2.6 Since the Action Plan was approved by Council a Programme Delivery Board comprising solely of officers has been established to progress implementation of the actions within the agreed Action Plan.

- 2.7 At the November Council meeting proposals will be put forward to consider the establishment of a Governance Improvement Board. Work is progressing to produce terms of reference and membership proposals for consideration by Council. The broad purpose of the proposed Governance Improvement Board will be to provide clear and transparent oversight and accountability for the delivery of the Action Plan and the Council's broader vision for excellence in all aspects of governance and public sector stewardship. This will be a fully constituted, politically balanced, committee of Council and it likely to include external co-opted members
- 2.8 The Governance Improvement Board will also provide for robust and constructive challenge drawn from internal and external perspectives and expertise.
- 2.9 The Action Plan has been developed into a programme schedule split over five stages.
- 2.10 These are:

Stage	Dates
Stage 1: Response to Audit Report	10/08/2020 – 28/08/2020
Stage 2: Programme Planning & Resourcing	31/08/2020 – 18/09/2020
Stage 3: Research & Review	21/09/2020 – 31/12/2020
Stage 4: Proposals & Approvals	04/01/2021 – 02/07/2021
Stage 5: Adoption & Embedding	05/07/2021 – 04/10/2021

- 2.11 The individual actions have been broken down and allocated to eight work streams with lead officers appointed by the Programme Delivery Board. These cover; risk, legal, finance, constitutional, training and recruitment, councillor engagement, employee engagement and communications.
- 2.12 While the initial focus of the Programme Delivery Board has been to ensure effective programme management arrangements are in place, progress has also been made towards completion of the actions in the Action Plan.
- 2.13 Seven actions due for completion by the end of September have been completed. Specifically these are:

Action Ref	Rec Ref	Action	Deadline
AR02.3	AR2	External guidance on best practice in regard to Councillor appointments on local authority companies will be sought	30/09/2020
AR02.4	AR2	External guidance on defining the role and legal requirements for local authority company directors and guidance on skill sets required will be sought.	30/09/2020
AR03.6	AR3	The relevant NCC officials will continue to be available to offer advice to members on all aspects of their role on Council company boards.	With immediate effect

AR06.5	AR6	The access to formal advice from the Council's legal and democratic service for all councillors appointed to council company boards on conflicts of interest or any other matter will continue to be made available.	With immediate effect
AR08.4	AR8	A dedicated senior finance post provides additional capacity and capability to managing the financial reporting requirements on the Council's group of companies.	With immediate effect
AR08.7	AR8	The dedicated senior finance role will also be reviewed in the light of The Report in the Public Interest to ensure it is fulfilling the corporate function needed and that departments and Council companies understand their relationship and new ways of working on this matter.	With immediate effect
OR01.5	OR1	Any proposed additional council companies should be established using this new framework.	With immediate effect

2.14 A best practice library has been created pulling together 23 separate documents produced by a range of external bodies including;

- The Financial Reporting Council (FRC)
- Lawyers in Local Government (LLG)
- The National Audit Office (NAO)
- National Commission on the future of governance in the public sector
- Norse Group
- Bristol City Council
- York City Council
- South Holland District Council
- Grant Thornton

2.15 These documents cover a range of issues relating to Corporate Governance, Local Authority and Public Sector Governance and specific guidance relating to the governance of Local Authority controlled companies. This includes guidance on the role and requirements of executive and non-executive directors in general, the practice and key considerations of appointing Councillors as directors and best practice in managing potential conflicts of interest.

2.16 The Action Plan contains a further 11 actions relating to seeking external guidance, the next (AR04.2) being due at the end of October and relating to training of directors. The programme will continue to update the best practice library as new guidance is obtained.

2.17 There are no proposed changes, or alterations to the Action Plan with regard to scope or timetable for delivery.

2.18 The Programme Delivery Board, whilst recognising the ongoing challenge of keeping pace with what is an ambitious schedule, report no current slippage to the Action Plan approved by Council and presented to the external auditor.

3 Other options considered in making recommendations

3.1 None

4 Finance colleague comments (including implications and value for money/VAT)

4.1 This report provides an update on progress made towards implementation of the Action Plan. There are no financial implications associated with the recommendations in this report.

Theresa Channell, Head of Strategic Finance & Deputy Section 151 Officer, 8 October 2020

5 Legal and Procurement colleague comments (including risk management issues, and legal, Crime and Disorder Act and procurement implications)

5.1 A Report in the Public Interest is issued under the provisions of the Local Audit and Accountability Act 2014 ("the Act"). The Council must comply with the requirements of the Act in responding to the Report.

5.2 Under the provisions of the Act, the Council must decide whether the Report requires the authority to take any action or whether the recommendations are accepted. It must decide what action to take in response to the Report and its recommendations. At the Extraordinary Council meeting on 24 August 2020 Council agreed the recommendations and approved the Action Plan prepared in response.

5.3 This report provides oversight to the Executive of the progress being made against the Action Plan as requested by Council at its meeting on 27 August 2020.

Beth Brown, Head of Legal and Governance - 8 October 2020.

6 Strategic Assets & Property colleague comments (for decisions relating to all property assets and associated infrastructure)

6.1 Not applicable.

7 Social value considerations

7.1 None

8 Regard to the NHS Constitution

8.1 None

9 Equality Impact Assessment (EIA)

Has the equality impact of the proposals in this report been assessed?

No



9.1 An EIA is not required because:

This report is for update only and no decisions are being requested at this time.

10 List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)

10.1 None

11 Published documents referred to in this report

11.1 As detailed in the body of the report