

# Audit, Governance and Standards Committee

Monday 19 July 2021

6.30 pm

Ground Floor Meeting Room G01A - 160 Tooley Street, London SE1  
2QH

## Supplemental Agenda No. 1

### List of Contents

Item No.	Title	Page No.
6.	<b>Governance conversation: Duncan Whitfield</b> To discuss the finance and governance department with Duncan Whitfield, strategic director of finance and governance.	1 - 4

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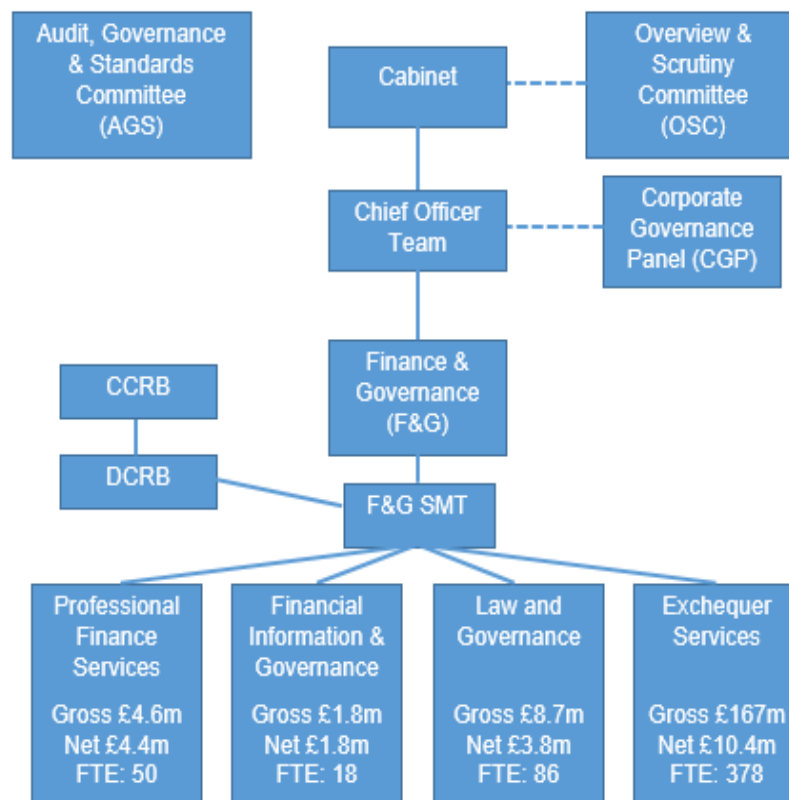
Date: 19 July 2021

<b>Item No:</b> 6.	<b>Classification:</b> Open	<b>Date:</b> 19 July 2021	<b>Meeting Name:</b> Audit, Governance and Standards Committee
<b>Report title:</b>		Governance Conversation – Duncan Whitfield	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		Strategic Director of Finance and Governance	

## Introduction

1. Within Finance and Governance, the governance issues straddle the Strategic Director's corporate and departmental responsibilities and therefore the discussion covers both areas.

### Finance and Governance: The Department



### **Professional responsibility**

2. The Strategic Director of Finance and Governance is the 'Section 151' officer with statutory defined responsibilities for the proper management of the council's finances and is a key member of the chief officer team.
3. The Section 151 officer formally devolves the management of the council's finances within departments to strategic directors and also provides detailed finance protocols, financial regulations, procedures and guidance.

### **Finance and Governance**

4. Finance and Governance comprises four divisions: Professional Financial Services; Financial Information and Governance; Law and Governance; and Exchequer Services.
5. The Professional Financial Services division provides corporate leadership on financial planning and financial reporting as well as performing the financial support functions within the main service departments.
6. The Financial and Information Governance division ensures that there is a framework in place by which the Strategic Director of Finance and Governance can discharge his Section 151 responsibility for proper financial administration of the council's financial affairs and also his responsibilities as the council's senior information risk owner. The divisions' responsibilities include risk and information management, improving systems, processes and procedures and providing strategic advice.
7. Law and Democracy is headed by the council's statutory Monitoring Officer, who has three main roles; to report on matters she believes are, or are likely to be, illegal or amount to maladministration; to be responsible for matters relating to the conduct of councillors and officers; and to be responsible for the operation of the council's constitution.
8. The Exchequer Services division is responsible for the collection of council income annually through various revenue streams, including business rates and council tax. The workload should reduce with full implementation of universal credit. However, as income reduces, this will be offset by further demand for services from the most vulnerable residents, especially during the pandemic. In addition, collection of income from those low income households who have had additional financial pressures during the pandemic has been more challenging with staff working with residents to revise payment plans.

### **Current Governance Issues**

#### **Covid**

9. The most significant governance event in 2020-21 and this year, 2021-22. The pandemic has a significant impact on council services

10. Reports have been brought to every audit, governance and standards (AGS) committee meeting since July 2020 (six reports to date) and will continue to do so.
11. Governance structures have coped well with this event, showing a level of resilience and assurance.
12. We have had a council-wide emergency response in place to provide an effective structure to coordinate and support the delivery of critical services both during the initial outbreak and into the more recent phases of pandemic response.
13. We have instigated new ways of working – council meetings have been held ‘virtually’ to ensure transparency. Recently, these meetings have reverted to being in person.
14. Additional demands have been made on IT systems, as staff are predominantly working remotely.
15. Post-pandemic economic recovery will impact on Southwark businesses and residents (e.g. future of high street/unemployment/care and mental health services)

### **Annual Governance Statement**

16. The draft statement was reported at the June 2021 audit committee. The final report will be taken to the September 2021 committee.
17. Key governance assurance is through the:
  - renewed Borough Plan,
  - council’s internal management processes e.g. performance monitoring, corporate policies,
  - assurance statements from strategic directors,
  - chief audit executive opinion, which this year was ‘moderate’ meaning that councils systems and controls significantly met expectations;
  - work of the corporate governance panel;
  - work of the audit, governance and standards committee;
  - compliance with the CIPFA code of governance;
  - compliance with the CIPFA Financial Management Code;
  - review of the CIPFA financial resilience index.
18. The AGS highlighted the continued uncertainty of:
  - central government funding;
  - long term austerity measures on public finances and services;
  - a long term solution to social care and the full financing of SEND provision;
  - the impact of Brexit.

## Capital Financing and Major Projects

19. The council's Capital Programme is significant.
20. Financing always unpredictable but largely based on:
  - Government and other grants (normally specific)
  - Proceeds from sales (capital receipts)
  - Borrowing from PWLB (limited by Prudential code)
21. The council has continued to deliver major investments and ambitious improvements through the capital programme. Major projects include:
  - the new council homes programme – aim to deliver 2,500 new homes by 2022;
  - repairs and maintenance investment in the existing stock;
  - funding for the climate emergency;
  - investment in the public realm ( including libraries and leisure facilities)

## Workforce planning

22. The challenges include:
  - ensuring the department is staffed effectively to support the ambitious council capital programme and to drive through the commitments in the borough plan.
  - retention and recruitment of professional and experienced staff which will also influence succession planning.
  - the ongoing oversight of progress around Equality, Diversity and Inclusion with 'Southwark Stands Together' remaining a priority for the council. It has been embedded into council practices to ensure that equality, diversity and inclusion is treated as a business critical issue.
  - post pandemic planning. The covid pandemic has seen a large disruption to the economy, which in turn, has impacted on council communities, services and finances. How and when the economy recovers is uncertain but it is likely to bring pay pressures and impact on recruitment and retention (as well as impact on the demand for council services and additional welfare pressures).

**COMMITTEE: AUDIT, GOVERNANCE AND STANDARDS COMMITTEE (OPEN AGENDA)**

**NOTE:** Original held in Constitutional Team; all amendments/queries to Virginia Wynn-Jones, Constitutional Team on 020 7525 7055 or [virginia.wynn-jones@southwark.gov.uk](mailto:virginia.wynn-jones@southwark.gov.uk)

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