

Appendix 1: The Forum Governance Revisited Action Plan as at March 2017

	Agreed management action	Lead officer	Status of action	Audited assessment
Establishment of Southend-on-Sea Forum Management Ltd				
Potential risk audited Partners are not able to agree amicable, mutually beneficial terms of withdrawal and practical arrangements in good time, likely leading to unnecessary financial costs being incurred.				
R4	<p>Clarify the legal and accounting implications and steps necessary for any partner to withdraw from the partnership.</p> <p>Clarify in which key governance document a process for withdrawal is set out.</p>	<p>Head of Culture</p> <p>Now</p> <p>Director of Culture, Tourism and Delivery</p>	<p>Not implemented</p> <p>Original date: 1 October 2015</p> <p>Revised date: 30 September 2017</p>	<p>Southend-on-Sea Forum Management Limited believed that this was covered by the Heads of Terms agreement. Board minutes for 20 January 2016 confirm this understanding. However, a review of the Heads of Terms shows that this relates to the premises lease, not the partnership.</p> <p>It is noted that the SoSFML took no action when this was previously raised. However, it should be re-requested to take this action, especially if it is felt that it would be helpful to the partnership or there is a potential change in the partnership relationship.</p> <p>Management actions outstanding</p> <p>Request Southend-on-Sea Forum Management Limited (SoSFML) to:</p> <ul style="list-style-type: none"> • define and document the legal and accounting implications and steps necessary for any partner to withdraw from the partnership • determine in which key governance document a process for withdrawal is set out.

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Potential risk audited	The Council may not be able to effectively deliver the role of company treasurer leading to poor financial control and accounting.			
R6	Clarify the company treasurer post's: <ul style="list-style-type: none"> • rotation schedule through the partners • means to record the Forum's income and expenditure, how this would be done by the Council if it took on the company treasurer role (e.g. which financial system would be used) and what preparatory work would be required. 	Group Accountant for Place	Fully implemented	The University of Essex currently provides the Treasurer post. There are no plans to rotate this position amongst the members, although it has been agreed by the Southend-on-Sea Forum Management Limited Board (January 2016) that should this position be transferred, a six month lead-time would be required before the post were to start.

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Assurance of the Forum's activity				
Potential risk audited The Council may miss opportunities to reduce unnecessary costs, or improve how the Forum is managed, to better deliver the intended outcomes of the partnership.				
R1	<p>The performance and operation of the Forum building will be regularly and formally reported upon to the:</p> <ul style="list-style-type: none"> • Head of Culture (now the Director of Culture, Tourism and Property) each month • Departmental Management Team (DMT) to inform its decision-making processes. <p>The PIs will include:</p> <ul style="list-style-type: none"> • financial performance information • non-financial key performance indicators relevant to the operation of the municipal library • assurance of compliance with Financial Regulations (also see R7) • the results of the work of external audit or any other relevant external government or regulatory bodies (e.g. HMRC). 	<p>Head of Culture</p> <p>Now</p> <p>Director of Culture, Tourism and Delivery</p>	<p>Substantially implemented</p> <p>Original date: 31 March 2015</p> <p>Revised date: 30 September 2017</p>	<p>A range of financial and non-financial reports are produced for the Group Manager, Libraries and Museums on a monthly basis to reflect the operational performance of the Forum and other municipal libraries individually. These provide the raw data to measure the libraries performance against the performance measures in the current Culture Service Plan.</p> <p>This data is then consolidated to summarise performance of all libraries in the borough for inclusion in the Department for Place's monthly dashboard along with all other arts and sports event attendance. More granular information is reported to the Head of Service (now Director) team meetings.</p> <p>The current information does not include assurance with regards to compliance with Financial Regulations.</p> <p>As Southend-on-Sea Forum Management Limited (SoSFML) is a separate legal entity of which the Council is only a one -third owner, it monitors its own performance via board meetings with financial performance and budgets discussed and agreed in the meeting minutes.</p> <p>Annual accounts for SoSFML are lodged at Companies House.</p>

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				<p>The Director of Culture, Tourism and Property is a member of the Forum Library Management Advisory Committee and attends the SoSFML board meetings. As such, he would be aware of the results of the work of external audit or any other relevant external government or regulatory bodies.</p> <p>The Deputy Chief Executive (Place) is on the distribution list for Southend on Sea Forum Management Limited board meeting minutes and agenda packs. These are shared with DMT along with the library PIs.</p> <p>Management actions outstanding</p> <p>Please see R7 in respect of the Financial Regulations point.</p>

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	<p>Potential risk audited Councillors serving as directors may feel unable to effectively carry out their responsibilities for both the Council and the outside body whilst protecting themselves from the perception of conflict of interests.</p> <p>Other Councillors may not be kept fully informed of the activities of the outside body or organisation concerned, the nature of the organisation’s activities, and the impact of such activities on the local community and Council’s service delivery.</p>			
R2	<p>Councillors serving as directors of the Forum management company should, as required by the Local Authorities (Companies) Order 1995, report back to the Council on their involvement in the management company.</p> <p>A formal report will be requested from the Southend Directors of the Forum Management company, on an annual basis, that informs the Council of the actions undertaken by directors whilst representing the Council in the partnership.</p> <p>It will be formally communicated to Councillors that should there be any business of significant interest, this will also be formally reported in a prompt manner.</p> <p>This will support the ongoing flow of information currently provided by the Forum Management Company on decisions made as a group.</p>	<p>Head of Culture</p> <p>Now</p> <p>Director of Culture, Tourism and Delivery</p>	<p>Partially implemented</p> <p>Original date: 31 March 2015</p> <p>Revised date: 30 June 2017</p>	<p>The Portfolio holder for Culture, Tourism and the Economy is always one of the Southend-on-Sea Forum Management Limited board members. The expectation is that they would use their judgement as to what information to advise full Council of in their Portfolio updates.</p> <p>However, this does not meet the requirement of the original agreed action, is not transparent and is unlikely to meet the expectations of the Local Authorities (Companies) Order 1995.</p> <p>Management actions outstanding</p> <p>Request a formal report from the Southend Directors of the Forum Management company, on an annual basis, that informs the Council of the actions undertaken by directors whilst representing the Council in the partnership. This report should include a summary of SoSFML financial and non-financial activity over the previous 12 months.</p> <p>Formally communicate to Councillors that should there be any business of significant interest, this should also be formally reported to Council in a prompt manner.</p>

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Potential risk audited The Council does not derive, or understand whether it derives, any benefits from the new arrangement.				
R5	<p>Regular reports will be produced that monitor whether the intended benefits of the Forum are being realised and reported to the Director of Culture, Tourism and Property and DMT.</p> <p>The original statement of intended benefits from operating a library service at the Forum will be used to develop performance indicators (as per recommendation R1).</p> <p>The requirement to regularly report on the achievement of these benefits will therefore be achieved as part of implementing recommendation R1.</p> <p>This information will also be used in Service Planning and in the risk assessment of the Forum.</p>	Group Manager, Libraries and Museums	<p>Not implemented</p> <p>Original date: 31 March 2015</p> <p>Revised date: 31 May 2017</p>	<p>While a number of Performance Indicators are produced regularly (see R1), there is no regular monitoring of the performance against the original intended benefits including the Universal Offers.</p> <p>Management Actions Outstanding</p> <p>Introduce new regular reporting of library activity against the original intended benefits including the Universal Offers. It may be possible to combine this with some of the reporting in R1.</p> <p>Report on this at least a quarterly basis to the Director of Culture, Tourism and Property and DMT.</p>

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Future operation of the Forum				
Potential risk audited The Council may not pay a fair or representative proportion of the Forum's shared running costs.				
R3	<p>Document and agree with all partners:</p> <ul style="list-style-type: none"> the basis of apportioning shared running costs (e.g. costs for services provided to the partners by Southend under the service level agreement, running costs of shared building areas, costs for running the reception desk) the method for calculating each basis (e.g. if the Council's number of registered borrowers is used as a basis, clarify what constitutes a likely user of the library as opposed to just being registered, the source of such data and how often the basis will be recalculated). <p>Assess whether running costs apportioned using registered library users represents a fair method given Internal Audit's analysis of actual library usage.</p>	Group Manager, Libraries and Museums	<p>Partially implemented</p> <p>Original date: 31 March 2015</p> <p>Revised date: 31 May 2017</p>	<p>Although some costs are documented in the Southend-on-Sea Forum Management Limited's Operational Governance Code of Practice (agreed at the 20 January 2016 board meeting), these relate mainly to fixed costs with no analysis of how running costs (such as the reception desk) will be allocated.</p> <p>Currently estimated costs are being invoiced. Once the proposal paper has been accepted, retrospective adjustments will be made to the charges to date. This was discussed at the April 2016 Southend on Sea Forum Management Limited Board (SoSFML) meeting.</p> <p>Management actions outstanding</p> <p>Complete the draft paper setting out the:</p> <ul style="list-style-type: none"> basis of apportioning shared running costs the method for calculating each basis of apportionment. <p>Present it to the SoSFML Board Meeting for approval.</p>

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Potential risk audited Inappropriate actions may be taken leading to poor value for money, fraud or loss.				
R7	<p>When the Forum management company's Financial Regulations are next reviewed, include requirements for an appropriate separation of duties between staff:</p> <ul style="list-style-type: none"> • raising and approving orders • receiving goods • authorising invoices for payment for funds managed solely by Southend-on-Sea Forum Management Limited (e.g. the facilities management and maintenance budgets). <p>It as agreed that the requirement for a separation of duties throughout the key financial processes will be specified in the Financial Regulations.</p> <p>This will apply to the monies actively spent by the Forum Management Company (relating to facilities management and maintenance budgets).</p>	<p>Head of Culture</p> <p>Now</p> <p>Director of Culture, Tourism and Delivery</p>	<p>Not implemented</p> <p>Original date: 31 March 2015</p> <p>Revised date: 30 September 2017</p>	<p>Although the Financial Regulations were updated in November 2014, no changes were made in respect of the original recommendation.</p> <p>It is noted that the Board took no action when requested to do this previously, but it should be re-requested at the time of the next annual review of the Financial Regulation.</p> <p>Management actions outstanding</p> <p>Request the Southend on Sea Forum Management Limited Board to arrange for the Financial Regulation to be updated so that they explicitly stress the need for segregation of duties between these functions.</p> <p>Suggest that they mirror as far as possible the Council's Financial Regulation in this area.</p> <p>Present the updated Financial Regulations to the Board for approval.</p>