

REPORT OF: FINANCIAL SERVICES
FINANCIAL SERVICES MANAGER

TO: ACCOUNTS & AUDIT COMMITTEE

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CORPORATE GOVERNANCE AND RISK MANAGEMENT
QUARTERLY REVIEW – March 2016

PURPOSE OF REPORT

1. This report provides the Committee with the opportunity to review and comment on both the Local Code of Corporate Governance Action Plan and the Strategic Risk Register following a review in March 2016 by the Corporate Governance Group.

RECOMMENDATIONS

2. The Committee is recommended to note the position as outlined in this report and feedback on matters arising from the latest quarterly review.

REASONS FOR RECOMMENDATION

3. To ensure the Committee is aware of the Council's corporate governance and risk management arrangements.

ISSUE

Background

4. It is good practice for the Council's corporate governance and risk management arrangements to be subject to regular review.
5. On a quarterly basis an initial review is undertaken by an officer working group. Ordinarily the outputs from this are reported firstly to Management Team for the opportunity to review and comment on the Local Code of Corporate Governance Action Plan and the Strategic Risk Register. The review process concludes with a report to this Committee.

Local Code of Corporate Governance – Quarterly Review

6. The Council's local code was reviewed against guidance last published by CIPFA in 2012 and remained fit for purpose. The Council's governance arrangements are well established and subjected to regular review.

7. During 2015 the CIPFA/SOLACE¹ Joint Working Group on Good Governance in Local Government consulted on a revised Framework for delivering good governance in local government and is expected to publish revised guidance in April 2016. Once published the Council's arrangements will be considered against this revised guidance to determine whether any changes are required.
8. The consultation was launched recognising that local authorities face ongoing reductions in government funding over the course of this Parliament and that to cope in this time of unprecedented change, they will need to continue to adapt the way in which they operate. Local authorities have responded to austerity through increased collaboration; developing their role as 'enablers' and making further use of alternative delivery vehicles for public service provision.
9. It is therefore crucial that Councils keep their governance arrangements up-to-date and relevant. The main principle underpinning the development of the new CIPFA/SOLACE Framework continues to be that local government is developing and shaping its own approach to governance, taking account of the environment in which it now operates.
10. The revised Framework will also build on the International Framework: Good Governance in the Public Sector (CIPFA/IFAC 2014). This places sustainable economic, societal and environmental outcomes as a key focus for governance processes and structures. It emphasises the importance of considering the longer term and the links between governance and public financial management – all key considerations for local authorities in today's climate.
11. In support of the Council's local code, a Corporate Governance Action Plan is maintained and reviewed on a periodic basis by the Corporate Governance Group. A summary of the main developments since the last update is provided below:
 - LGA Peer Review concluded November; reported to Council in December; Action Plan developed and Member/Officer 'Task and Finish' Group formed to progress actions;
 - New Councillor Development Group to be established following the Peer Review;
 - Strategic Plan 2015-2018 approved by Council in October;
 - Core Strategy approved by Council in December;
 - Statements of Principle for Gambling and Licensing functions adopted by Council in December;
 - Report on revised governance arrangements considered by Council in December (i.e. change to a Committee system); resolved to consider further and report back to Council;
 - Revenue and Capital budgets approved by Council in February; options for savings agreed and further work to commence on proposals for future years;
 - Q3 2015/16 Corporate Performance Monitoring reported to Executive in February;
 - Complaints refresher training sessions developed for staff;
 - Grant Thornton commenced interim audit work in February in support of their main accounts audit for 2015/16 due to start in June 2016;
 - IIP re-assessment concluded with Council retaining 'gold' standard
 - 2nd independent member appointed to the Accounts & Audit Committee;
 - Leadership and Management Development training delivered to staff, including 360⁰ feedback and coaching skills;
 - Public consultation held on a Combined Authority for Lancashire; report on outcomes and next steps to be considered by Council in March.

¹ CIPFA (Chartered Institute of Public Finance & Accountancy)
SOLACE (Society of Local Authority Chief Executives)

Risk Management Review

12. The Group has also undertaken a review of the Strategic Risk Register. Each risk is managed by nominated officers.
13. For information, the table below provides a summary of the current top strategic risks included in the Strategic Risk Register (on the basis of the inherent/residual risk scores).

Table 1: Top Strategic Risks

No.	Risk Identified	Residual Risk Score	Change from last report
1	Failure to optimise Pendle's economic growth / development within the region	9	U/C
2	Failure to bring development forward in line with the adopted Core Strategy leading to missed opportunities for growth in employment and housing (<i>revised wording – previously worded as Failure to implement the Core Strategy..</i>)	9	U/C
3	Failure to deliver a balanced housing market with reference to need and demand	9	U/C
4	The Medium Term Financial Plan is not sustainable	9	U/C
5	Financial Position of Leisure Trust leading to inability to sustain existing service	9	U/C
6	Impact on the Council's capacity / viability of organisational change linked to ongoing reductions in local government funding	8	U/C
7	Lack of cohesion between communities	8	U/C
8	Arrangements for Public Health in Lancashire fail to deliver health improvements in Pendle	7	U/C
9	Failure to make an impact on young people not in education, employment or training	7	U/C
10	Failure to limit the amount of household waste to landfill sites	7	U/C
11	Introduction of the Universal Credit (and impact on Liberata contract)	7	U/C

14. The latest review identified the following matters as potentially having a bearing on the key risks and opportunities facing the Council since the last review:
- Ongoing work and discussions re a Combined Authority for Lancashire;
 - Balanced budget approved for 2016/17;
 - Core Strategy adopted December,
 - Brierfield Mill (Northlight) - £30m scheme now close to delivery; Funding package secured in principle with work on site expected to start later this year;
 - Government consulting on technical reforms to New Homes Bonus with aim of reducing cost by £800m to fund Adult Social Care;
 - Tour of Britain – post event legacy strategy developed;
 - Awareness training provided on Prevent duty;
 - New Community Safety Partnership Plan endorsed by local strategic partnership in December;
 - Funding retained for PCSOs in 2016/17;
 - Builders Finance Fund application undergoing due diligence by the Homes & Communities Agency for the Clitheroe Road Housing scheme;

- Work ongoing leading to transfer of assets/services to local town and parish councils; programme of activity for 2016/17 agreed in principle in January;
- Safeguarding Adults policy agreed and adopted by Council in February;
- Housing Renewal policy agreed and adopted by Council in February;
- Programme of consultation and work to implement Public Space Protection Orders to be considered by the Executive in March;
- Customer Access Strategy – first phase progressing on E-Revenues; promotion underway way on campaign to “save time do it online”;
- Request to consult on the designation of the Waterside area of Colne as a Selective Licensing area to be considered by the Executive in March;
- Partnership meeting arranged for March to consider current developments on welfare reforms and the scope to work collaboratively with key partners including DWP, Housing Pendle, LCC;
- Procurement in progress to appoint contractors for the reinstatement of the Wavelengths Spa facility in Nelson;
- Council Emergency Plan updated; arrangements for responding to incidents of flooding reviewed post impact of Storm Eva in December;
- Works commenced as part of Burnley & Pendle M65 Growth Corridor Project (Lancashire Growth Deal) – 2 projects in Pendle delivering improvements to junctions 12 and 13;
- East Lancashire Transport Masterplan – report to Executive in March including consideration of trans-pennine connectivity issues;
- Countywide review of waste collection arrangements underway; due to complete in March.

15. As well as a focus on risk, the importance of recognising opportunities is acknowledged so that the Council can deliver service improvements and improved outcomes for local people. The Strategic Risk Register includes an updated assessment of current opportunities with an indicative assessment of feasibility. Examples include:

- Joint Venture arrangements (PEARL) to deliver a wide range of benefits / strategic developer procurement;
- Joint working with other Local Authorities;
- Closer working with Town and Parish Councils;
- Burnley and Pendle Growth Corridor;
- Brierfield Mill;
- Big Lottery Fund – Bradley;
- Combined Authority for Lancashire;
- Selective Licensing.

16. Finally, the Register also includes a section on new or emerging developments which are identified as potential areas of risk/opportunity but at this stage it is too early to determine the detailed implications for the Council. There are no matters to highlight at this stage but this is maintained under review and updates will follow as appropriate.

IMPLICATIONS

Policy

There no new policy implications arising from this report.

Financial

There are no financial implications arising from this report. .

Legal

There are no legal implications arising directly from this report.

Risk Management

The report considers the Council's Strategic Risk Register which reflects the main risks faced by the Council and the mitigation action taken or planned to manage these risks.

Health and Safety

There are no Health and Safety implications arising directly from this report.

Sustainability

There are no sustainability implications arising directly from this report.

Community Safety

There are no community safety issues arising directly from the contents of this report.

Equality and Diversity

There are no equality and diversity implications arising from the contents of this report.

APPENDICES

None

LIST OF BACKGROUND PAPERS: None