

REPORT FROM: CORPORATE GOVERNANCE WORKING GROUP

TO: ACCOUNTS & AUDIT COMMITTEE

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**CORPORATE GOVERNANCE FRAMEWORK
AND STRATEGIC RISK REGISTER: UPDATE**

PURPOSE OF REPORT

The purpose of this report is to provide the Accounts & Audit Committee with the outcome of the most recent review of both the Council's Corporate Governance Framework (incorporating the action plan) and Strategic Risk Register undertaken by the Corporate Governance Working Group (CGWG) and Management Team.

RECOMMENDATIONS

The Accounts & Audit Committee is recommended to:

- (1) review the Corporate Governance Framework (including the incorporated action plan) at **Appendix 1** and comment as appropriate;
- (2) note that those actions in the Self-Assessment with an Amber rating will remain under regular review to ensure appropriate action is taken to improve the arrangements in place;
- (3) consider and comment on the updated Strategic Risk Register provided at **Appendix 2** and advise if they would like any further information on specific aspects of the Council's arrangements.

REASONS FOR RECOMMENDATIONS

- (1) To ensure the Committee is made aware of current developments impacting on the Council's wider corporate governance framework.
- (2) To inform members of the current risks facing the Council, along with the actions and planned activities that are taking place to mitigate against those risk. In turn this will enable us to work towards reducing our exposure to any potential subsequent threats they pose and where appropriate maximise opportunities to effectively reduce exposure.

ISSUE

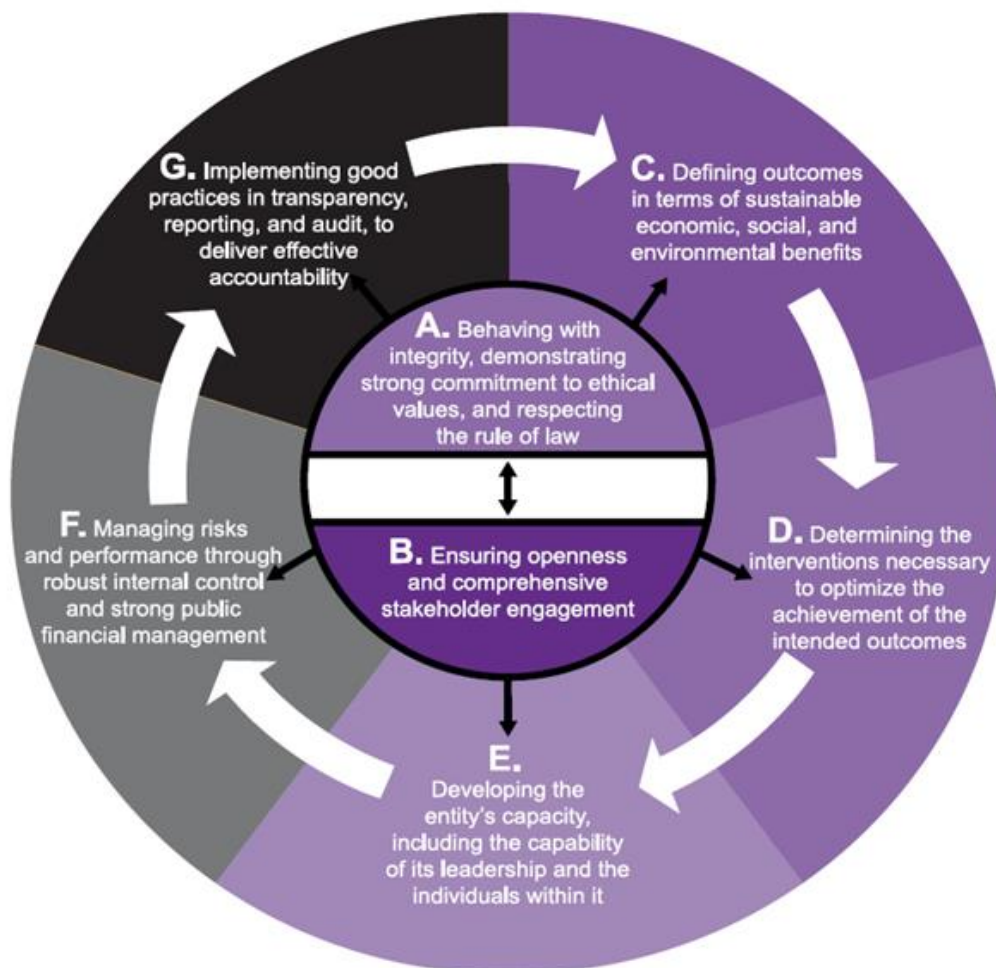
1. It is considered good practice for the Council's corporate governance and risk management arrangements to be subject to a regular review. This is consistent with the requirements of the Use of Resources Assessment which the Council is subjected to annually.

2. These are both subject to periodic review by the CGWG (Chief Executive, Corporate Director, the Chief Financial Officer i.e. the three statutory officers; the Head of Legal Services; and the Corporate Client and Performance Manager) and Management Team.
3. Both the Corporate Governance Framework and Strategic Risk Register have recently been reviewed on a number of occasions by the CGWG, with an integral part of this review being the impact, response and recovery relating to the COVID-19 outbreak.

Corporate Governance Framework

4. For background, since the original framework was published the Council has maintained a local code of corporate governance together with an action plan identifying the extent of compliance and/or any areas in the Council’s arrangement that require further development.
5. To assist with the review of the Self-Assessment at Appendix 1, the seven core principles which underpin this are detailed below. Please assess the evidence included that demonstrates compliance and provide any comment / feedback.

The 7 Core Principles



6. The level of compliance is measured by the following indicators:-
 - RED - nil compliance – no evidence that arrangements exist.
 - AMBER - scope to strengthen current arrangements/some improvement required.
 - GREEN - current arrangements assessed as meeting the requirements.

7. Please bear in mind that the concept underpinning the Framework is that it helps local government in taking responsibility for developing and shaping an informed approach to governance, aimed at achieving the highest standards in a measured and proportionate way.
8. The Framework is intended to assist authorities individually in reviewing and accounting for their own unique approach. The overall aim is to ensure that:
 - resources are directed in accordance with agreed policy and according to priorities;
 - there is sound and inclusive decision making;
 - there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.
9. The Action Plan is incorporated within the framework document with details provided of areas for improvement.

Strategic Risk Register (SRR)

10. The SRR forms an important part of the corporate governance arrangements for the Council and must be reviewed and updated regularly to reflect changes that are occurring both at a national level and also locally.
11. Management Team have been asked to review and update the SRR on a number of occasions this year with an emphasis on the impact, response and recovery of the COVID-19 outbreak. All feedback received has been incorporated accordingly in the version provided.
12. In summary, the main changes are:
 - An additional Strategic Objective (Strong Response and Recovery) has been added to address the impact of the COVID-19 pandemic;
 - A new risk has been added reflecting the 'National Crisis affecting delivery of Council services';
 - A number of the existing risk scores have been reviewed and amended in response to the above.
13. The scoring matrix utilised by the Council is detailed below. This is a 5 by 5 risk matrix which assesses the impact and likelihood of the risk occurring.

| | | | | | | |
|-------------------|---|---------------|---|---|---|---|
| Likelihood | A | | | | | |
| | B | | | | | |
| | C | | | | | |
| | D | | | | | |
| | E | | | | | |
| | | 5 | 4 | 3 | 2 | 1 |
| | | Impact | | | | |

14. The perceived likelihood and impact of each risk is assessed and scored according to the matrix above. At this stage the score is referred to as the Inherent Risk. The procedures and controls that the Council has in place to mitigate that risk are considered to assess how

effective they can be in reducing risk exposure. The risk is then re-scored leaving the residual risk that is not covered by the existing procedures and controls.

15. Each risk has been identified against the most relevant Key Objective of the Strategic Plan and has been summarised on Page 2 of the SRR, attached at Appendix 2.
16. At this time, the Committee is provided with the risk register for information and to ascertain if there is more information on any specific risks or the arrangements generally that it wishes to probe in more detail at subsequent meetings.

IMPLICATIONS

Policy: There are no policy implications arising directly from the recommendations in this report.

Financial: There are no financial implications arising directly as a consequence of the recommendations in this report.

Legal: There are no new legal implications resulting directly from the recommendations in this report.

Risk Management: The proposed strategy risk register is demonstrating effective risk management evidencing that risks facing the Council are under review and activity to mitigate against risk remains relevant.

Health and Safety: There are no health and safety implications arising directly from the recommendations in 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 issues arising from the contents of this report.

APPENDICES

Appendix 1 – Corporate Governance Framework – Update July 2020

Appendix 2 - Strategic Risk Register – Update July 2020

LIST OF BACKGROUND PAPERS

None