

REPORT OF: CORPORATE GOVERNANCE WORKING GROUP

TO: ACCOUNTS & AUDIT COMMITTEE

DATE: 19th OCTOBER 2021

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CORPORATE GOVERNANCE & RISK MANAGEMENT UPDATE

PURPOSE OF REPORT

1. This report provides the Committee with an update on the following matters:
 - a) the 'good governance' matrix published jointly by CIPFA¹ and SOLACE² in 2016 and on which details of an initial self-assessment were reported to this Committee in January 2017, and periodically thereafter;
 - b) the Action Plan contained in the Annual Governance Statement included within the Statement of Accounts for 2020/21; and
 - c) developments relating to the Council's risk management arrangements.

RECOMMENDATIONS

2. The Committee is recommended to note:
 - (a) the updated position on actions identified from (i) the initial self-assessment of the CIPFA/SOLACE Good Governance framework and (ii) the Council's Annual Governance Statement for 2020/21;
 - (b) current developments linked to the Council's risk management arrangements.

REASONS FOR RECOMMENDATION

3. To ensure the Committee is made aware of current developments impacting on the Council's wider corporate governance framework.

¹ CIPFA (Chartered Institute of Public Finance & Accountancy)

² SOLACE (Society of Local Authority Chief Executives)

ISSUE

CIPFA/SOLACE Good Governance Framework: Update on Self-Assessment and Annual Governance Statement Action Plan

4. 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 arrangements that require further development.
5. This is subject to periodic review, primarily by the Corporate Governance Working Group (CGWG) which consists of the Interim Chief Executive / Corporate Director and the Chief Finance Officer (each representing the three statutory officer roles), Head of Legal Services and Corporate Client & Performance Manager.
6. The concept underpinning the framework is that it is helping 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. 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.
7. This Committee last received the full self-assessment in July 2021. The full self-assessment was reviewed by the CGWG and Management Team looking at each of the seven principles in the framework and assessed the evidence available to demonstrate compliance. The full self-assessment will be brought back to a future meeting of this Committee.
8. The self-assessment was undertaken adopting the following indicators to assess the level of compliance:
 - Red nil compliance - no evidence that arrangements exist;
 - Amber scope to strengthen current arrangements / improvements required;
 - Green current arrangements assessed as meeting the requirements.
9. Also, the Annual Governance Statement (AGS) published within the Statement of Accounts for 2020/21 contained an Action Plan. This details identified issues within our governance arrangements and how the Council proposes to address these. These actions have been incorporated into the local code of corporate governance, as referred to above, and progress is captured in the updates provided below.
10. Having undertaken the work described above it was evidenced in the self-assessment that overall the Councils governance arrangements are generally good and demonstrated compliance with the principles set out in the code. However, there were some areas where it was felt the existing arrangements could be strengthened or required improvement. These were rated as Amber and the background to each is provided below together with an update on the current status:
 - ***Demonstrating strong commitment to ethical values*** - Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation.

On the 15th December 2020 the Government published the Green Paper: Transforming Public Procurement. This proposes fundamental reforms of the public procurement rules governing the purchase of goods, works and some services by the public sector post-Brexit. The feedback from this consultation is currently under review by the Cabinet Office.

Following the outcome of the consultation, a review of the Council's Procurement Strategy and contract procedures and processes will be undertaken that will address the changes to the UK's procurement rules. Once completed and approved by Council these will be published on the Council's website and provided to businesses during the procurement process. A review of the Council's Contract Procedure Rules specifically in relation to exemptions granted in respect of tendering requirements is currently underway.

- ***Determining Interventions*** - *Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts.*

Whilst the Council regularly consults the public, whether it be via the bi-ennial Life in Pendle Survey, annual Business Survey or ad-hoc, needs-led public consultations, consideration is being given to how the public can be consulted more on the provision and quality of services provided. A Corporate Community Engagement Framework has been developed which will further inform how the Council can better engage with its citizens and service users. A draft framework was presented to Policy & Resources Committee at their meeting on 20th August 2020 where Members were asked to provide any comments to the temporary Localities and Policy Manager. Following this, a revised draft framework was presented at the 17th December 2020 meeting of Policy & Resources Committee and approved.

Also a project is underway, which is being delivered by PS Research (formerly Pearson Insight), into how we can reach the right people to obtain balanced feedback from across our communities.

- ***Optimising the achievement of intended outcomes*** - *Ensuring the achievement of social value through service planning and commissioning*

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- ***Developing the entity's capacity*** - *Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority's resources are allocated so that outcomes are achieved effectively and efficiently.*

Whilst the Council often benchmarks itself with neighbouring councils, e.g. pricing policy reviews, it is felt that a more consistent and corporate approach to benchmarking may be required. The options surrounding this need to be considered to ensure this provides the Council with a meaningful and relevant knowledge base.

- **Developing the capability of the entity's leadership and development** – *Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks.*

The Council has an Aspiring Leaders and Future Leaders Development Programme. Access to training and seminars/webinars is also provided as required. Personal Development Plans also form part of the individual Performance Management Reviews for staff. The training and development plan for Councillors has been reviewed and updated as necessary following the all-out Election in May 2021.

- **Managing data** – *Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data. Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies.*

This was marked as Amber due to the continued delivery of the GDPR Action Plan which incorporates the ongoing development of associated policies, procedures, registers and agreements. The delivery of the GDPR Action Plan is subject to regular monitoring via the Information Governance Working Group (IGWG) and Management Team. A review of the GDPR External Audit Report conducted in early 2019, which returned a 'limited assurance' conclusion, was undertaken during the period January to March 2021. This resulted in a moderate assurance conclusion being returned with six partially achieved recommendations still to be delivered, which the IGWG will continue to monitor and drive the delivery of within the GDPR Action Plan.

- **Implementing good practice in transparency** – *Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate.*

This has been included, despite our website scoring 92 out of 100 for accessibility in accordance with the Website Content Accessibility Guidelines (WCAG) 2.1 Level AA, due to some required accessibility improvements highlighted by a Government Digital Service monitoring exercise. The implementation of the improvements is currently underway.

Annual Governance Statement (AGS) – Update on 2020/21 Action Plan

11. The AGS published within the Statement of Accounts for 2020/21 contained the following action plan and an update on progress is detailed below each action within the table overleaf:

Action No.	Issue Identified	Source of Evidence	Summary of Action Proposed
1	COVID19 Response and Recovery.	Business Continuity Plans Emergency Planning Procedures Impact Assessment	Assess the impact both internally and externally, e.g. how face-to-face operations / services resume, if indeed they do; economic impact locally on residents and businesses; existing projects and programmes that may

Action No.	Issue Identified	Source of Evidence	Summary of Action Proposed
		Post-incident review in liaison with the LRF	have been put on hold / can no longer be delivered as planned.
Action 1 Update – The post-incident review in liaison with the LRF will be the driver for future action on assessing the impact of the pandemic, both internally and externally to the Council.			
2	The scale of savings required over the medium term continues to represent a significant challenge for the Council. There is a need to prioritise resources effectively and identify detailed savings options for the Council to consider as part of a strategy to achieve a balanced budget over the medium term. The outcomes of the 2020 Spending and Fair Funding Reviews are unknown, therefore there is no certainty within the funding forecasts across the whole of the 2021/22 to 2023/24 MTFP.	Review of the Council's Medium Term Financial Plan (MTFP) – identified as a key strategic risk for the Council	Develop savings proposal for the period 2022/23 to 2024/25 as part of the development of the Council's Financial Strategy and Medium Term Financial Plan. This work will also consider arrangements for prioritising resources and maintaining organisational resilience. Reports will be considered by the Policy and Resources Committee.
Action 2 Update – Work has already begun to develop and discuss savings proposals for the period 2022/23 to 2024/25. An update on the MTFP 2022/25, Budget Savings Options 2022/23 and Income Review 2022/23 are due to be presented to Policy & Resources Committee on 14 th October 2021.			
3	Embedding the Information Governance Framework into the Council's normal governance arrangements.	Information Governance Working Group	The Information Governance Working Group will review and continue to deliver the action plan and work programme which reflects key information governance issues to be addressed during the year.
Action 3 Update - Monthly meetings of the IGWG continue to take place during which the Action Plan is actively reviewed, monitored and updated, with future actions being agreed and delivered as resources allow. Updates on progress and identified issues are reported to Management Team and the Corporate Governance Working Group as required.			
4	Disaster Recovery – review and testing of local arrangements including designated recovery site.	The transfer of the Council's recovery site featured in the 2017/18 AGS and work is ongoing. Testing of the site has been affected by the Covid-19 Pandemic.	Implement testing of specific recovery plans and the physical arrangements for the new Disaster Recovery site at the Fleet Street Depot.
Action 4 Update - Due to the Coronavirus pandemic and the implementation of home working arrangements, the testing of the physical arrangements for the new DR site were postponed until such time as staff return to the workplace. The testing will be scheduled after the review of requirements given the proposed move to more mobile / agile working arrangements. The Council has also received Cyber Resilience Funding from HMCLG to enable the implementation of an agreed Cyber Transformation Plan,			

Action No.	Issue Identified	Source of Evidence	Summary of Action Proposed
the aim of which is to minimise cyber risks exposure and enhance council recovery capability.			
5	Performance Management Framework for Liberata Contract Services	Suspension of framework during 2020/21	Reinstate the Performance Management Framework during 2021/22
<p>Action 5 Update – A further suspension of the performance framework with Liberata was agreed for the period April – June 2021, given the continued impacts of the pandemic. Whilst a small number of the performance measures were agreed prior to 1st July 2021, the majority were not despite the Council's best efforts. Due to delays in getting the targets approved the issue was reported to the Joint Partnership Board at their July 2021 meeting. It was agreed that these targets needed to be discussed further between Liberata and Council Officers and progress reported back within 3 weeks. Unexpected absence of key staff member has resulted in delays in this process; however, negotiations are now underway to agree the remaining targets.</p>			
6	Performance Management Reviews (PMRs) will need to be reinstated during 2021/22.	Due to capacity issues, PMRs were not conducted during 2020/21.	A review of the PMR process is currently being undertaken with support from North West Employers (NWE0). It is anticipated that a new process for conducting reviews will be implemented during 2021/22.
<p>Action 6 Update – The PMR process is still currently under review with the NWE0, with delays being experienced which are out of the control of the Council / Liberata. Progress is regularly being chased with NWE0 and the PMR will be reinstated as soon as the new process is agreed. In the meantime, informal reviews are being undertaken with individual staff members.</p>			
7	Recruitment of Chief Executive and Chief Finance Officer	Albeit after the Balance Sheet date, both posts will become vacant in the early part of 2021/22.	Appointments to both posts were made in August 2021.
<p>Action 7 Update – Appointments to both posts were made in August 2021.</p>			

Risk Management Review

12. The CGWG also undertook 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 inherent / residual risk scores). A diagram of the Risk Score Model adopted by the Council is also provided below for reference:

Risk Identified	Residual Risk Score
The Medium Term Financial Plan is not sustainable.	A1
National crisis affecting delivery of Council services (e.g. viral outbreak / epidemic / pandemic)	A1
Financial position of Leisure Trust resulting in inability to provide existing level of Service.	A1

Major Disaster affecting delivery of Council services.	A2
Failure to make an impact on young people where it is necessary to improve poor educational attainment.	A2
Failure to bring development forward in line with the adopted Core Strategy leading to missed opportunities for growth in employment and housing.	A2
Risk of serious data breach and failure to comply with General Data Protection Regulation (GDPR).	A2
Failure to optimise Pendle's economic growth / development within the region.	B1
Increased Health Inequalities – failure to deliver an improvement to the general health of Pendle's residents; Arrangements for Public Health in Lancashire fail to deliver health improvements in Pendle	B2
Local Government Re-organisation and impact on regions with current two-tier local government structure.	B2
Climate Change, in particular the need to reduce our use of Single Use Plastics.	B2
Failure to deliver a balanced housing market with reference to need and demand.	B2
Failure to deliver our Strategic Employment Site at Lomeshaye – Phase 2	B2
Poor road, rail and digital connectivity prevents growth	B2
Universal Credit impacts on the Council's contract with Liberata.	B2
Impact on Council's capacity / viability of organisational change linked to on-going reductions in funding for local government.	B2

The Risk Score Model

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

Definitions of Likelihood	
Evaluation	Level
Almost Certain	A
Likely	B
Moderate	C
Unlikely	D
remote	E

Definitions of Impact	
Evaluation	Level
Catastrophic	1
Major	2
Moderate	3
Minor	4
Insignificant	5

14. The main contributing factor having a bearing on the key risks facing the Council is the Coronavirus pandemic and the Governments guidance and regulations which we need to adopt / adhere to in relation to this.

IMPLICATIONS

Policy: There no new policy implications arising from this report.

Financial: There are no direct financial implications arising from this report.

Legal: There are no legal implications arising directly from this report.

Risk Management: There are no new risk management implications arising directly from this report.

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

Corporate Governance Framework; Strategic Risk Register; Statement of Accounts / Annual Governance Statement