



REPORT OF: CORPORATE GOVERNANCE WORKING GROUP

TO: ACCOUNTS & AUDIT COMMITTEE

DATE: 26TH JULY 2022

Report Author: Marie Mason
Tel. No: 01282 661790
E-mail: marie.mason@pendle.gov.uk

CORPORATE GOVERNANCE & RISK MANAGEMENT UPDATE

PURPOSE OF REPORT

1. This report provides the Committee with an update on the following:
 - a) the developments relating to the Council's risk management arrangements;
 - b) the most recent periodic review of the Council's Corporate Governance Framework which is a self-assessment based on the 'good governance' matrix published jointly by CIPFA¹ and SOLACE² in 2016.

RECOMMENDATIONS

2. The Committee is recommended to:
 - (a) note the current developments linked to the Council's risk management arrangements and agree the proposed Corporate Risk Themes as detailed in Appendix 1;
 - (b) consider the review of the Corporate Governance Framework (including the incorporated action plan) at Appendix 2 and comment as appropriate.

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

4. It is considered good practice for the Council's corporate governance and risk management arrangements to be subject to a regular review.
5. The Corporate Governance Framework (and incorporated action plan) and the Strategic Risk Register are both subject to periodic review by the Corporate Governance Working Group (CGWG). This group consists of the 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. There are also regular meetings of the Council's Risk Management Working Group (RMWG) who review operational, which are primarily health & safety, risks.

Risk Management Arrangements

7. Further to the adoption of the Council's updated Risk Management Strategy and Policy Statement by Council in December 2022 and following the comments from the Committee on the previous update presented, the format and content of the current Strategic Risk Register (SRR) is now under review by the CGWG and Council's Performance Team.
8. In the interim, we have developed a draft outline SRR based on the service planning process 2022/23 and provide an example summary of this as Appendix 1 for your review and feedback on the proposed corporate risk themes. Whilst this work continues it was felt important that we also provide the Committee with an indication of the progress made to date and an opportunity to provide feedback, both on the proposed risk themes and format.
9. In brief we have:
 - Developed new risk themes.
These were introduced as it was felt they are more relevant to the current climate and issues facing the Council whilst also being much easier to digest, providing an immediate understanding of the areas of risk facing the Council.
 - Alignment of Risks to Service Plans.
We asked Services to provide mitigating risk actions whilst developing their service plans to ensure more alignment with the Council's Corporate Actions. This area does need further development and discussions are ongoing with services to progress this.
 - Developed a new format.
We have updated the format of the SRR to provide what we feel is a much more user-friendly, at a glance view of our risks. The format provided in Appendix 2 is in draft and will be reviewed as the development of the SRR progresses, particularly in terms of the information required by senior management and Members to enable effective and informed decision making.
 - Enhanced monitoring and reporting process.
The SRR will be uploaded into the Council's performance management software system, Pentana. This will provide a central repository which enables efficient, regular review and update by Risk Owners which will easily and quickly generate reports as required. Pentana also has a 'trigger' process which alerts Risk Owners to due dates on actions and milestones and can also inform members of the CGWG / Performance Team when a Risk Score changes.

- Risk Management Training for staff secured.
As we have previously informed this committee, we have been in discussions with Zurich about providing the Council with appropriate Risk Management training and support. This has now been secured with the training planned to take place during the first week of September 2022. This date has been chosen in an attempt to avoid school / summer holiday periods and hopefully maximise attendance levels. Zurich will also be providing the Council with support in terms of an external review and advice on the development of the SRR, with the training being used as an opportunity to further refine the SRR.

10. Once this review is complete, the updated SRR will be presented to a future meeting of this committee.
11. As mentioned earlier in this report, the Council's Risk Management Working Group (RMWG) also meet regularly and discuss and review operational and Health & Safety risks. This group is chaired by the Council's Environmental Services Manager (David Walker) and comprises Council officers, Liberata officers and representatives from the Council's insurers (Zurich and AON) and health & safety consultants, QHS.
12. At the last meeting of this Committee, during discussions around the Draft Internal Audit Plan 2022/23, it was requested that a report on the annual health & safety audit be submitted – extract of Minutes below

R. Parker also advised of an annual health and safety audit that was undertaken and asked whether this is something that should be seen by this Committee going forward.

RESOLVED

(1) That a report on the annual health and safety audit be submitted to the next meeting of this Committee.

13. The Annual Health & Safety Audit was undertaken by QHS (health & safety consultants) and concluded in December 2021. The outcome of the audit was that the Council achieved a score of 'Very Good' which means that the Council is 'compliant with health and safety legislation and best practice'. A copy of the full report is available on request.
14. Also, MIAA conducted a Corporate Health & Safety Review during 2020/21 returning a judgement of 'Substantial Assurance' which means that there is a good system of internal control designed to meet the system objectives, and that controls are generally being applied consistently. A copy of this report is also available on request.

CIPFA/SOLACE Good Governance Framework: Update on Self-Assessment

15. Councillors will appreciate that the governance of the Council is fundamental to its success as an organisation. In this context, governance comprises the arrangements put in place by the Council to ensure that intended outcomes are defined and achieved which are in the public interest at all times.
16. Annually, the Council is required to produce an Annual Governance Statement (AGS), which is published as part of its Statement of Accounts, which comprises a description of the governance arrangements in place at the Council and how they have operated throughout the year. In support of this, the Council is expected to keep its governance arrangements under regular review throughout the year.

17. To support local authorities in their endeavours to ensure that governance arrangements are adequate and appropriate, the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) collaboratively produced the *Delivering Good Governance in Local Government: A Framework* (hereafter referred to as 'the Framework').
18. The Framework defines the principles of good governance that should underpin the governance of each local authority and importantly provides a structure to help Councils with their approach to governance.
19. 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.
20. Since the Framework was published the Council has maintained a Local Code of Corporate Governance in the form of a Self-Assessment against the principles (and sub-principles) of good governance identified in the Framework. This Self-Assessment is the subject of a periodic review by the Corporate Governance Working Group.
21. This Committee last received the full self-assessment in July 2021. The latest periodic review of the Self-Assessment has recently been undertaken and the outcome of that review is provided at Appendix 2. This review also included the findings and recommendations from the recent External Audit Report which is being reported as a separate item at this meeting.
22. Compliance with the principles is measured by the following indicators:-
- GREEN - current arrangements assessed as meeting the requirements.
 - AMBER - scope to strengthen current arrangements/some improvement required.
 - RED - nil compliance – no evidence that arrangements exist.
23. On the basis of the latest review there are 7 areas which are AMBER rated and for which further action is required. Where this is the case, details of the action to be taken, responsible Officer and likely implementation are provided in Appendix 1 for review and comment.
24. It should also be noted that whilst some actions are GREEN rated, anticipated changes in the Council's governance arrangements will require some aspects of the Council's arrangements to be reviewed and updated. An example of this is the Review of the Council's Performance Management process which is currently underway.
25. As has been the case previously, the Self-Assessment will remain under review to ensure action is taken on the AMBER rated items and further reports will be submitted to this Committee in due course.

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

Appendix 1 – Draft Strategic Risk Register Summary

Appendix 2 – Corporate Governance Framework – Update June 2022

LIST OF BACKGROUND PAPERS

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