

REPORT OF: CORPORATE GOVERNANCE STEERING GROUP

TO: ACCOUNTS & AUDIT COMMITTEE

DATE: 22ND NOVEMBER 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; and
 - c) the Action Plan contained within the Annual Governance Statement (AGS) included within the Statement of Accounts for 2021/22.

RECOMMENDATIONS

2. The Committee is recommended to:
 - (a) note the current developments linked to the Council's risk management arrangements;
 - (b) consider the review of the Corporate Governance Framework (including the incorporated action plan) at Appendix 3 and comment as appropriate; and
 - (c) consider the review of the AGS Action Plan at Appendix 4 and comment as appropriate.

REASONS FOR RECOMMENDATION

¹ CIPFA (Chartered Institute of Public Finance & Accountancy)

² SOLACE (Society of Local Authority Chief Executives)

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

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), the Strategic Risk Register and AGS Action Plan are each subject to periodic review by the Corporate Governance Steering Group (CGSG) – formerly the Corporate Governance Working Group (CGWG).
6. The membership of the group has been reviewed to strengthen the oversight of the councils arrangements and the membership now consists of the following:

Richard Gibson (RG) – Director of Resources & Chair of CGSG
TBC – Director of Place
Howard Culshaw (HC) – Monitoring Officer & Data Protection Officer
Marie Mason (MM) – Corporate Governance Lead / Facilitator
Lisa Warner (LW) – Internal Audit Manager (MIAA)
Gemma-Louise Wells (GLW) - Finance Manager
David Walker (DW) - Chair of Risk Management Working Group (RMWG)
7. The Risk Management Strategy will be updated to reflect the changes detailed above, with the aim to bring the updated strategy to the next meeting of this Committee.
8. There are also regular meetings of the Council's Risk Management Working Group (RMWG) who review operational risks; however, this group focusses on primarily health & safety risks.

Risk Management Arrangements

9. Further to the adoption of the Council's updated Risk Management Strategy and Policy Statement by Council in December 2021 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 CGSG and Council's Performance Team.
10. In the interim, we have developed a draft outline SRR based on the service planning process 2022/23 and provide an example of this for your review and feedback as Appendix 1 (SRR Summary) and Appendix 2 (proposed corporate risks, scores and mitigations / actions). 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 risks and format.
11. 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. These have been further reviewed and adapted slightly following the last update to you.
 - 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 CGSG / Performance Team when a Risk Score changes.
- Risk Management Training for staff secured.
The Risk Management Training took place on the 6th September 2022 and was delivered by Zurich, as planned. Zurich are also 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.

12. Once this review is complete, the updated SRR will be presented to a future meeting of this committee.
13. 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.
14. The minutes from these meetings and any issues identified are discussed at the CGSG and appropriate action taken where appropriate and necessary, i.e. escalation of an operational risk.

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

15. 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. This is subject to periodic review, primarily by the CGSG.
16. 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.

17. This Committee last received the full self-assessment in July 2021. The full self-assessment is regularly reviewed by the CGSG (and Corporate Management Team by exception) looking at each of the seven principles in the framework and the evidence available to demonstrate compliance assessed. The full self-assessment is attached at Appendix 3 for reference.
18. 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.
19. Also, the Annual Governance Statement (AGS) published within the Statement of Accounts for 2021/22 contained an Action Plan. This details identified issues within our governance arrangements and how the Council proposes to address these.
20. Having undertaken the work described above it was evidenced in the self-assessment that overall the Council's 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 detail is provided in Appendix 3.
21. 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.

Annual Governance Statement (AGS) – Update on 2022/23 Action Plan

22. The AGS published within the Statement of Accounts for 2021/22 contained the action plan detailed in Appendix 4 and an update on progress is detailed alongside each action within the table.

IMPLICATIONS

Policy: There are 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 / Overview

Appendix 2 – Draft Strategic Risk Register

Appendix 3 – Corporate Governance Framework – Update October 2022

Appendix 4 – Annual Governance Statement 2021/22 – Action Plan 2022/23

LIST OF BACKGROUND PAPERS

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