

**REPORT OF: CORPORATE GOVERNANCE STEERING GROUP**

**TO: ACCOUNTS & AUDIT COMMITTEE**

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

## **CORPORATE GOVERNANCE & RISK MANAGEMENT UPDATE**

### **PURPOSE OF REPORT**

This report provides the Committee with an update on the following:

- a) the developments relating to the Council's risk management arrangements, including the updated Risk Management Strategy and the revised Strategic Risk Register;
- b) the most recent periodic review of the Council's Local Code of Corporate Governance which is a self-assessment based on the 'good governance' matrix published jointly by CIPFA<sup>1</sup> and SOLACE<sup>2</sup> in 2016; and
- c) the Action Plan contained within the Annual Governance Statement (AGS) included within the Statement of Accounts for 2021/22.

### **RECOMMENDATIONS**

The Committee is recommended to:

- (a) note the current developments linked to the Council's risk management arrangements;
- (b) review the amendments to the Risk Management Strategy (which responds to changes within the Council, the addition of an Insurance Statement and a new Risk Matrix model) and endorse for submission to the Executive requesting formal approval;
- (c) note the work undertaken on the draft Strategic Risk Register and approve in its current form;
- (d) review and comment on the revised Local Code of Corporate Governance (including the incorporated action plan);
- (e) note the exceptions to the contract procedure rules; and
- (f) consider the progress in the delivery of the AGS Action Plan 2022/23 and comment as appropriate.

### **REASONS FOR RECOMMENDATION**

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

<sup>1</sup> CIPFA (Chartered Institute of Public Finance & Accountancy)

<sup>2</sup> SOLACE (Society of Local Authority Chief Executives)

## **Background**

1. It is considered good practice for the Council's corporate governance and risk management arrangements to be subject to a regular review.
2. The Local Code of Corporate Governance (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).
3. 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 – Risk Management Strategy***

4. The membership of the CGSG has been reviewed to strengthen the oversight of the councils arrangements as detailed below:

Richard Gibson (RG) – Director of Resources & Chair of CGSG  
Phillip Spurr (PS) – Director of Place  
Howard Culshaw (HC) – Monitoring Officer & Data Protection Officer  
Marie Mason (MM) – Corporate Governance Lead Officer  
Lisa Warner (LW) – Internal Audit Manager (MIAA)  
Gemma-Louise Wells (GLW) – Financial Services Manager  
Philip Hartup – Systems Accountant  
David Walker (DW) - Chair of Risk Management Working Group (RMWG)

5. The Risk Management Strategy has been updated to accommodate the above and also other changes within the Council. These amendments mainly consist of the following:
  - changed the Risk Matrix from an alpha-numeric model (i.e. A1, B3, etc) to a numeric model (i.e. scores range from 1-25);
  - the responsibilities of the Corporate Governance Steering Group following the work of the Information Governance Working Group being subsumed into it;
  - general terminology used, i.e. Management Team is now called Corporate Management Team; and,
  - the inclusion of the Council's Insurance Statement.
6. A copy of the updated strategy is available for the Committees review and endorse for submission to the Executive for formal approval at Appendix 1.

## ***Risk Management Arrangements – Strategic Risk Register***

7. As previously reported to this committee, the format and content of the Council's Strategic Risk Register (SRR) has been under comprehensive review. One of the main changes has been to restructure the risks into cross-cutting risk themes rather than into Strategic Objectives.
8. These were introduced as it was felt these were 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.
9. Considerable work has been undertaken on the draft SRR with the support of the Council's insurers, Zurich, and a copy of the latest version is available at Appendix 2 for your review and approval. Any previous feedback from this Committee has been incorporated into this document.

10. The SRR will also be subjected to an enhanced monitoring and reporting process. This will be managed via 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.
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. 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.

### **Local Code of Corporate Governance (Local Code)**

13. Since the Good Governance Framework 2016 was published by CIPFA the Council has maintained a Local Code 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.
14. 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.
15. The Local Code 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.
16. Since the last review was presented to this Committee, the format has now been reviewed to streamline the Council's Local Code of Governance and the processes required to review this on a regular basis. The updated Local Code is attached for your review and comment at Appendix 3.
17. The identified actions required to maintain or enhance our governance arrangements have been included and will continue to be allocated a RAG rating to provide an overview of progress / completeness following the last update.

### **Exceptions to the Contract Procedure Rules**

18. In accordance with the Council's Constitution all exceptions to the Contract Procedure Rules are to be reported to Accounts & Audit Committee. The following exceptions have all been agreed with the Council's Director of Resources / S151 Officer:
  - To appoint Hewlett Packard to carry out the essential IT Network Infrastructure upgrade.

- To appoint Raise Partnership to act as lead Consultant for the Nelson Town Deal and Colne Levelling Up capital schemes.
- To appoint the contractor for the LUF scheme for both the Hippdrome and Little Theatre where the Council has taken over as principal agent.

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

19. The AGS published within the Statement of Accounts for 2021/22 contained the action plan detailed in Appendix 4. An update on progress is detailed alongside each action within the table. Progress against the actions has been good with all having been completed, with the exception of two, Issue Nos 2 and 5. These will be merged and carried forward into the AGS Action Plan 2023/24.

## **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 Risk Management Strategy

Appendix 2 – Draft Strategic Risk Register

Appendix 3 – Local Code of Corporate Governance

Appendix 4 – Annual Governance Statement 2021/22 – Action Plan 2022/23: Final Progress Update

## **LIST OF BACKGROUND PAPERS**

Corporate Governance Framework; Strategic Risk Register; Statement of Accounts / Annual Governance Statement; CIPFA / SOLACE Good Governance Framework 2016.