

REPORT FROM: CORPORATE GOVERNANCE STEERING GROUP

TO: ACCOUNTS & AUDIT COMMITTEE

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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 Strategic Risk Register based on Quarter 3 updates;
- b) a revised draft Local Code of Corporate Governance which is a document detailing how the Council complies with the Good Governance Framework 2016 published jointly by CIPFA and SOLACE;
- c) the Action Plan contained within the Annual Governance Statement (AGS) which forms part of the Statement of Accounts 2022/23; and
- d) exceptions to the Contract Procedure Rules.

RECOMMENDATIONS

The Committee is recommended to:

- a) note the current developments and position linked to the Council's risk management arrangements and the Strategic Risk Register and comment as appropriate;
- b) review and comment on the revised draft Local Code of Corporate Governance;
- c) consider the progress in the delivery of the AGS Action Plan 2023/24 and comment as appropriate; and
- d) note the exceptions to the Contract Procedure Rules.

REASONS FOR RECOMMENDATIONS

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

ISSUE

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 and Strategic Risk Register (SRR)

4. The regular review of the SRR has now become embedded within the Council's performance management regime. Individual quarterly review sessions are now held between the Performance Team and each Head of Service / Risk Owner; a process which has greatly improved accountability, ownership and quality of updates provided.
5. The SRR is monitored via the Council's Performance Management software (Pentana) and forms part of the quarterly Performance Clinics. At the clinics Corporate Leadership Team receive an update from each member of the Corporate Management Team on key areas, as detailed below;
 - Corporate Priorities
 - Key Performance Indicators
 - Service Performance Indicators
 - Strategic Risk Register
 - Finance
 - HR
 - Emerging Issues
6. The Performance Clinics provide an opportunity to review performance and also feed into the quarterly reports to Executive. They also provide an opportunity to review and update the SRR further. The format and content of the clinics continues to be reviewed and enhanced to ensure these remain relevant and meaningful.
7. A copy of the most recent update of the SRR is attached at Appendix 1. This is based on the Quarter 3 reviews (period ending 31st December 2023) with Heads of Service / Risk Owners and at the Clinics.
8. It is important to note that further progress will have been made on a number of the risk actions which remain and these will be captured fully in the Quarter 4 review sessions and these are currently being planned in with Heads of Service.
9. Key points to note from the review of the SRR in Quarter 3 are that the scores of three Strategic Risks were increased and three were reduced. A brief summary of these changes are provided in the table below and the detail can be found in Appendix 2:

Strategic Risk	Previous Current Risk Score	New Current Risk Score
SRR-02: Organisation's Internal Capacity to Deliver:	9	16
SRR-03: Effective ICT Systems, Cyber Security and Information Governance	9	12
SRR-04: Delivery of the Local Plan	9	12
SRR-06: Delivery of Key Government Programmes and Major Capital Projects	12	8
SRR-09: Achievement of Carbon Neutral Targets by 2030	20	15
SRR-12: Local Workforce Skills Development	12	6

10. Please also note that a workshop has been arranged for 21st March 2024 to review the SRR with CMT.
11. A risk management training / awareness raising programme is also currently being developed for senior officers and risk owners. This is being developed and delivered by the Council's insurers, Zurich.

Local Code of Corporate Governance (Local Code)

12. Since the Good Governance Framework 2016 was published by CIPFA and SOLACE 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.
13. 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.
14. 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.
15. As previously reported the format has been reviewed to streamline the Council's Local Code of Governance and the processes required to review this on a regular basis. The updated draft Local Code is provided as Appendix 2 and is undergoing further work to strengthen this. A final version will be provided to this Committee in July 2024.
16. The identified actions required to maintain or enhance our governance arrangements will be included and will continue to be allocated a RAG rating to provide an overview of progress / completeness following the last update.

Annual Governance Statement Action Plan 2023/24 - Update

17. The AGS published as part of the Statement of Accounts for 2022/23 contained the action plan detailed in Appendix 3 and an update on progress is detailed alongside each action within the table.

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 and attached as Appendix 4 for your reference:

Roger Hannah Associates were selected as the leading RICS organisation based in the North West and due to their previous knowledge and experience of the site to negotiate a price for the sale of Pendle Rise Shopping Centre to the Council.

Originally the instruction covered the eventuality of paying Roger Hannah Associates on an hourly basis for taking forward negotiations following a fixed price fee for preparation of a compensatory valuation report.

However, Roger Hannah are now requesting a fixed price 'no win, no fee' basis of taking these negotiations forward due to the complexities and challenges involved. This can benefit the Council in that if there is no deal then no fees are incurred and if there is a deal then this can save the Council costs (which would significantly exceed the costs covered by this instruction) which would be incurred if the Council had instead to go to CPO.

Procurement requirements do not apply as the Agent negotiating needs to be the same agent as conducted the compensatory valuation.

IMPLICATIONS

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

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

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

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

Health and Safety: There are no new health and safety implications arising from this report.

Sustainability: There are no new sustainability implications arising from this report.

Community Safety: There are no new community safety implications arising from this report.

Equality and Diversity: There are no new equality and diversity implications arising from this report.

APPENDICES

Appendix 1 – Strategic Risk Register – Update Quarter 3 2023/24

Appendix 2 – Draft Local Code of Corporate Governance

Appendix 3 – Annual Governance Statement Action Plan 2023-24: Qtr 4 Update

Appendix 4 – Contract Procedure Rules Exemption Form

LIST OF BACKGROUND PAPERS