

**REPORT FROM: CORPORATE GOVERNANCE STEERING GROUP**

**TO: ACCOUNTS & AUDIT COMMITTEE**

**DATE: 30<sup>TH</sup> JULY 2024**

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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 4 2023/24 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) any 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 for the period January – June 2024.

### **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).

- 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)**

- 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.
- 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 and the Head of Policy & Commissioning receive an update from each member of the Corporate Management Team on key areas, as detailed below;
  - Corporate Priorities
  - Key Performance Indicators
  - Performance Indicators
  - Strategic Risk Register
  - Finance
  - HR
  - Emerging Big Ticket Issues
  - Requests to CLT
- 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.
- A copy of the most recent update of the SRR is attached at Appendix 1. This is based on the Quarter 4 reviews (period ending 31<sup>st</sup> March 2024) with Heads of Service / Risk Owners and at the Clinics. CMT have also reviewed.
- 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 1 2024/25 review sessions with Heads of Service which are underway at the time of the writing of this report.
- Key points to note from the review of the SRR in Quarter 4 are that:
  - two new strategic risks were flagged for inclusion. These are detailed below and are currently being worked up fully with the Assistant Director – Operational Services:
 

SRR-02a – Organisation’s Internal Capacity to Deliver (Go Plant Insolvency)

SRR-02b – Organisation’s Internal Capacity to Deliver (Local Waste Transfer Station Closures)
  - the scores of two Strategic Risks were increased. A brief summary of these changes are provided in the table below and the detail can be found in Appendix 1:

Strategic Risk	Previous Current Risk Score	New Current Risk Score
SRR-01: Financial Sustainability	12	16
SRR-06: Delivery of Key Government Programmes and Major Capital Projects	8	12

10. A risk management training / awareness raising programme has also been developed for senior officers / risk owners and Councillors. This has been developed and delivered by the Council's insurers, Zurich. The session for Council officers is scheduled for 29<sup>th</sup> July 2024 and the session for Councillors is scheduled for 12<sup>th</sup> September 2024.

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

11. 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.

12. 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.

13. 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.

14. 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, which includes the development of a Corporate Governance Framework.

15. It was envisaged when we last reported to you in March 2024 that a final version would be provided to this Committee in July 2024; however, due to having to prioritise the production of the Council's Productivity Plan this work has been delayed. A final version will now be presented to this Committee in September 2024.

16. The identified actions required to maintain or enhance our governance arrangements will be developed and included and will be allocated a RAG rating to provide an overview of progress / completeness following the last update.

### ***Annual Governance Statement Action Plan 2023/24 – Final 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. Any issues which have not been fully addressed have been carried over into the Annual Governance Statement Action Plan 2024/25.

### ***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:

- Telecom installations at Pendle Rise Shopping Centre:  
There was a need to urgently conduct surveys to identify suitable relocation sites for the telecoms installations currently located on top of Pendle Rise Shopping Centre. The Council

had no other option than to use Cornerstone, Airwaves and Orange EE as they are the leaseholders and their cooperation with the relocation was essential. Please see Appendices 4a, b and c attached for further details.

- **Boarding Kennels Contract:**  
There was a need to renew the above and due to the requirement for kennelling providers to keep detained stray dogs separated from kennelled dogs we were advised by some of the kennels that they were unable to provide separate kennelling facilities without investment and increasing licencing levels.

Several providers did not have the capacity to take on additional work and one provider was ruled out due to ongoing issues with licencing and planning.

The service additionally requires the provider to collect detained stray dogs and when advised of this we found some providers did not have appropriate arrangements in place to collect and transport dogs.

Due to the above we are unable to obtain 3 quotations from kennelling providers. Therefore, two quotations were received and evaluated against kennelling contract tender documentation. Financial information benchmarked against second provider.

Please see Appendix 4d for details.

## **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 4 2023/24

Appendix 2 – Draft Local Code of Corporate Governance

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

Appendices 4a-d – Contract Procedure Rules Exemption Forms

## **LIST OF BACKGROUND PAPERS**