

**FINANCE, AUDIT & RISK COMMITTEE
21 MARCH 2019**

PUBLIC DOCUMENT

TITLE OF REPORT: LOCAL CODE OF CORPORATE GOVERNANCE AND ANNUAL GOVERNANCE STATEMENT ACTIONS (PLAN 2017/18) UPDATE

REPORT OF: SENIOR POLICY OFFICER

EXECUTIVE MEMBER: [NON-EXECUTIVE FUNCTION]
COUNCIL OBJECTIVE: RESPONSIVE AND EFFICIENT

1. EXECUTIVE SUMMARY

- 1.1. For the Finance, Audit & Risk Committee to approve the Local Code of Corporate Governance for 2018; and review the progress of the Annual Governance Statement ('AGS') Action Plan 2017/18.

2. RECOMMENDATIONS

That the Committee:

- 2.1. approves the Local Code of Corporate Governance 2018 (Appendix A); and
2.2. notes the current position with the AGS Action Plan (Appendix B).

3. REASONS FOR RECOMMENDATIONS

- 3.1 It is recommended practice to review the Local Code of Corporate Governance each year to ensure it remains up to date and relevant.
- 3.2 Reviewing the AGS Action Plan during 2018/19 provides the Committee with assurances that NHDC is following through with recommended changes and/or improvements to its governance arrangements.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 There are no alternative options to be considered.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1. The Council's external auditors and SIAS were consulted on the AGS 2018/19. Finance, Audit & Risk Committee Members were given the opportunity to comment on the draft AGS and Action Plan at Committee and post Committee before this was finalised. The AGS referred to assurances provided from various sources (for example internal and external audit reports completed) for the 2018/19 period. The Action Plan was based on recommended action/ planned review procedures recommended by SIAS, SMT (the Chief Executive, Deputy Chief and Service Directors) and relevant Corporate Managers through the combined assurance statements.
- 5.2. No other external or Member consultation has been undertaken on the content of the report.

6. FORWARD PLAN

- 6.1 This report does not contain a recommendation on a key decision and has not been referred to in the Forward Plan.

7. BACKGROUND

AGS:

- 7.1 Reference is made to the report of 24th September 2018*, which sets out the AGS and legal requirements for preparation, review and approval of the AGS, together with the matters included/ and parties involved in that process. The AGS reviews the systems in place for the previous financial year and identifies any actions to be undertaken in the forthcoming year as part of an Action Plan.

Local Code of Corporate Governance:

- 7.2 It is recommended good practice for the Local Code of Corporate Governance ('the Local Code') be reviewed annually and was last updated in March 2017. It was based on the current (2016) CIPFA/ SOLACE Framework Delivering Good Governance in Local Government Framework 2016 Edition principles. This remains the basis for an assessment of governance arrangements for the 2018/19 period.
- 7.3 If the Code is approved by this Committee, it will be placed on the NHDC Corporate Governance internet page. Confirmation of the updated Code shall be provided to Members through the MIS process and to employees via the *Insight* monthly staff briefing.
- 7.4 The Code and the CIPFA/SOLACE Framework will then provide the effective scheme against which the AGS operational governance compliance will be measured.

Action Plan:

- 7.5 The last AGS (2017/18) was approved at the Finance, Audit and Risk Committee in September 2018. This included an Action Plan to be reviewed bi-annually. The updated position is provided in Appendix B. This also sets out what is recommended for a carry forward for the Action Plan for the AGS 2018/19.

8. RELEVANT CONSIDERATIONS

- 8.1. The Local Code 2018 is at Appendix A.
- 8.2. The updates on the AGS Action Plan are set out in Appendix B. In regard to Action 4 - Delegated Decision Guidance under consideration in respect of delegated planning decisions. Guidance has been updated and notified to staff and members. The initial notification was via MIS on the 27th April and then re-issued on the 7th December. The guidance can be found here on the intranet - Guidance to Members and Officers - Taking a Delegated Decision. As part of the member training on the 8th January 2019, the Planning Control and Conservation Manager lead a section to cover this area. In regard to action point 14. The Gender Pay Gap (GPG) Action plan proposes some of the following actions – reduction in differential between female and male in higher grade by assessing staff career aspirations, continue with recruitment training to eliminate unconscious bias, deeper analysis of GPG data to assess root causes of pay differential. The updated action plan will be available on the Internet as part of the Gender Pay Gap report 2018 by the 30th March publication date.

9. LEGAL IMPLICATIONS

- 9.1 Any relevant legal implications are set out above (with reference to previous reports on the AGS).
- 9.2 The Terms of Reference of this Committee under 10.1.5(h) are: *“To ensure that an annual review of the effectiveness of internal controls (accounting records, supporting records and financial) systems is undertaken and this review considered before approving the Annual Governance Statement.”* Review and approval of the AGS is a non-executive function and falls within the Committee’s remit.

10. FINANCIAL IMPLICATIONS

- 10.1 There are no direct financial implications arising from this report.

11. RISK IMPLICATIONS

- 11.1. Ineffective corporate governance arrangements have a number of inherent risks in the context of organisational management, the use of resources and service delivery. Approving a Local Code of Corporate Governance based on the national CIPFA/ SOLACE Framework is a means of mitigating potential risks.

11.2. The ongoing review of the identified actions arising from the AGS provides the Committee with assurance that measures are being put in place to reduce identified risks. The process of assessing the Council's governance arrangement enables any areas of weakness to be identified and an Action Plan to improve governance identified and monitored.

12. EQUALITIES IMPLICATIONS

12.1 In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.

12.2 There are no direct equality implications of this report or the AGS. Where relevant the Council's arrangements have been assessed against the 2016 Framework Principles. In respect of those arrangements, the SMT AGS self-assessment identifies the procedures in place and any outcomes. Council reports include any equality implications and are assessed by the Policy Officer. Where appropriate an impact assessment will be undertaken and mitigation measures identified. The Senior Policy Officer undertakes an Annual Cumulative Equality Impact Assessment of these and publishes it on the Council's website¹.

13. SOCIAL VALUE IMPLICATIONS

13.1 The Social Value Act and "go local" policy do not apply to this report.

14. HUMAN RESOURCE IMPLICATIONS

14.1 There are no direct human resource implications relating to this matter.

15. APPENDICES

15.1 Appendix A – Local Code of Corporate Governance 2018.

15.2 Appendix B – AGS Action Plan update.

¹ <https://www.north-herts.gov.uk/home/council-performance-and-data/policies/equality-and-diversity>

16. CONTACT OFFICERS

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17. BACKGROUND PAPERS

17.1 Finance, Audit and Risk report (24th September 2018 links – [AGS Action plan 2018/19 – Progress Review](#); [Appendix B – Action Plan Update 2018/19](#))

17.2 Local Code of Corporate Governance published in March 2016 updated March 2018
<https://www.north-herts.gov.uk/sites/northherts-cms/files/Local%20Code%20of%20Corporate%20Governance%2021%203%2018.pdf>

17.3 Annual Governance Statement 2017/18 links- <https://www.north-herts.gov.uk/sites/northherts-cms/files/FINAL%20Annual%20Governance%20Statement%202017%2018%20v1.pdf>