

CODE OF GOOD GOVERNANCE REVIEW ANNUAL REPORT OF THE MONITORING OFFICER AND CHIEF FINANCE OFFICER IN RESPECT OF 2021/22

1. INTRODUCTION

- 1.1 The Council's Monitoring Officer and the Chief Finance Officer are responsible for annually reviewing the Council's compliance against the adopted CIPFA/SOLACE Code of Good Governance - "*Delivering Good Governance in Local Government Framework 2016*" and reporting their findings and recommended actions. This review provides one of the assurance strands in support of the Annual Governance Statement, required under the Account and Audit Regulations 2015.
- 1.2 This report brings together the outcomes of the review carried out for 2021/22.

2. REVIEW OF COMPLIANCE

- 2.1 The good governance framework centres on the following 7 core principles.

A	Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.
B	Ensuring openness and comprehensive stakeholder engagement.
C	Defining outcomes in terms of sustainable economic, social and environmental benefits.
D	Determining how to best optimize the achievement of intended outcomes
E	Developing the entity's capacity, including the capability of its leadership and the individuals within it.
F	Managing risks and performance through robust internal control and strong public financial management.
G	Implementing good practices in transparency, reporting and audit to deliver effective accountability.

- 2.2 The Council's compliance with the Code has been assessed, and a summary of the findings is detailed in **Appendix 1**.
- 2.3 This assessment also considers progress made against the previous year's (2020/21) Action Plan, which was reported to Audit Committee in July 2021. The reported progress can be found in **Appendix 2**.
- 2.4 The main areas identified for further improvement arising out of this review are summarised below with actions recommended in **Appendix 3**.
- 2.5 There are 3 areas for review for 2022/23.
- 2.5.1 The first item relates to the recently implemented Capital Change and Delivery Board, set up to oversee the Council's Capital and Project spend, as well as projects and initiatives to deliver the Council's Transformation Agenda. As a new Board, it would be appropriate to review its effectiveness after 9 – 12 months of operation.

2.5.2 The second item for review relates to the new Project Management Framework, recently implemented to ensure appropriate governance arrangements are in place for all significant projects. It is important that this is kept under review. This will be carried out during 2022/23 as part of the Action Plan set out in Appendix 3.

2.5.3 The third item relating to the Finance Management Code has been carried over from last year's Action Plan. Whilst progress has been made on the Code, it is not yet completed. It is envisaged that it will be completed in Summer 2022 with a report to Audit Committee in July 2022.

3. FINANCIAL IMPLICATIONS

3.1 Although there are no direct financial implications arising from this report, good governance arrangements provide assurance in respect of financial management.

4. ENVIRONMENTAL MATTERS

4.1 There are no environmental matters arising directly from this report.

5. CRIME AND DISORDER IMPLICATIONS

5.1 Ethical behaviour in terms of avoiding fraud and corruption is an intrinsic element of good corporate governance and this report provides assurance in that regard.

6. EQUALITY AND DIVERSITY IMPLICATIONS

6.1 There are no equality and diversity implications arising directly from this report.

7. CONCLUSIONS

7.1 It is the view of the Monitoring Officer and Chief Finance Officer that the Council is able to have confidence in the effectiveness of its governance arrangements. This is illustrated by the few and relatively minor areas identified in **Appendix 3** for review.

8. RECOMMENDATIONS

8.1 The Audit Committee notes the assessment carried out by the Monitoring Officer and the Chief Finance Officer and the actions set out in **Appendix 3**.

For Further Information Please Contact:

Grainne O'Rourke
Monitoring Officer
Tel: (023) 8028 5076
E-mail: grainne.orourke@nfdc.gov.uk

Alan Bethune
Chief Finance Officer (S151)
Tel: (023) 8028 5001
E-mail: alan.bethune@nfdc.gov.uk

Background Papers:

Local Code of Good Governance-
The New Framework March 2017

Summary of the Council's compliance with its adopted Code of Good Governance for period 2021/22

Principle	Assessment of Monitoring Officer and Chief Finance Officer and Evidence
A. How does the organisation behave with integrity, demonstrating strong commitment to ethical values, and respect the rule of law?	Detailed and up to date Constitution on decision making including expected standards of conduct of both Members and officers. Sound rules on Procurement procedures and Contract Standing Orders which are regularly reviewed to ensure they are fit for purpose - Procurement Strategy 2018 - http://www.newforest.gov.uk/article/1070/Procurement-Strategy . Comprehensive Scheme of Delegations and transparent decision making processes. Robust financial procedures ensuring probity and openness in decision making. Protocols in place for statutory Chief Officers in carrying out their functions. Member and Officer Codes of Conduct in place, as well as an established and robust complaints procedure. Register of Gifts and Hospitality for Members and Officers. Up to date whistleblowing policy, equality & diversity and data protection training modules in place. Good emphasis on ICT security through the Council's Security Policy which keeps abreast of emerging cyber security risks. Up to date Financial Regulations governing financial framework - https://democracy.newforest.gov.uk/documents/s21799/Financial%20Regulations%20April%202022.pdf
B. How does the organisation ensure openness and comprehensive stakeholder engagement?	Detailed Constitution on how the Council makes decisions including rights of stakeholders. Well established overview and scrutiny panels open to the public. The organisation responded well to the requirement for virtual meetings during the pandemic. Council's website includes published calendar of meetings, including agendas, minutes and key decisions of both members and officers; good FOI policies in place and sound system for dealing with requests for information and good emphasis on compliance with deadlines. New Local Plan in place; robust Transparency Code; Annual Financial Report and Annual Governance Statement published. Good positive use of Social Media for Council business purposes i.e. Facebook; Annual User Survey. Good engagement with relevant charities/voluntary groups providing training on universal credit and collaborative initiatives to support welfare issues. Work with libraries to assist with the digital champion programme and welfare reforms continues. Hometalk magazine produced twice a year ensuring good liaison with Council tenants. Well established Tenants' Involvement Group to discuss housing matters. Multi-Agency Forum for homelessness and Landlords' Forum established bringing together community groups, other public sector groups and landlords to ensure wider and better engagement on the key issue of homelessness and issues facing the private renters.
	Employee survey conducted Spring 2021, to gauge employees' views on more flexible, hybrid working model. This has resulted in a new Worksmart Policy allowing employees and management to agree that part of the working week can be at an alternative location to the Council's existing offices.

<p>C. How does the organisation define outcomes in terms of sustainable economic, social and environmental benefits?</p>	<p>Corporate Plan; Corporate Framework; Local Plan ; risk management strategy; Annual Performance and Budget Outturn report; Procurement rules, Regulations and Contract Standing Orders; good compliance with Environmental Information Regulations (EIR); Medium Term Financial Plan; Capital Programme – all add to the achievement of positive economic, social and environmental benefit. Significant work ongoing in Planning to ensure schemes enhance the environment. The Economic Development Section supports sustainable development and works with the local community to facilitate new businesses with upskilling and supporting measure to improve the skills of the existing workforce. The Council has endorsed the creation of the Solent Freeport to bring about social, environmental and economic benefits for the District. The Council has adopted a Climate and Nature Change Action Plan to respond to the Government’s commitment to be carbon neutral by 2050. A new specific Greener Housing Strategy is being devised and will be proposed for adoption also in 2022. Increasing sustainability is a key priority of the Corporate plan, in part monitored through the number of projects that result in more sustainable use of assets.</p>
<p>D. How does the organisation determine how to best optimize the achievement of intended outcomes</p>	<p>Well established reporting to Cabinet, Audit Committee and Overview and Scrutiny Panels in place with stakeholder engagement also achieved through bespoke Task and Finish Groups. Clear decision making protocols in place. Corporate Plan sets out the overall Council strategy and key priorities with its delivery regularly monitored through portfolio performance dashboards considered at every overview and scrutiny panel meeting. Publication of annual performance reporting including key performance indicators. Regular Medium Term Financial Planning sets overall context of financial challenges. Risk Register sets overall context for risk management. Governance arrangements in respect of significant projects require review to ensure that appropriate processes and structures are in place. This is picked up as an action in Appendix 3. Further, a strengthening of arrangements with regard to the monitoring of Capital spend by EMT has led to the setting up of a new Capital and Change Delivery Board (March 2022) to oversee Capital spend and the Council’s transformation programme. It is proposed, as part of the Action Plan for 2022/23, to review the effectiveness of the new Board.</p>
<p>E. How does the organisation develop the entity’s capacity, including the capability of its leadership and the individuals within it?</p>	<p>Cabinet of 8 Members, each with distinct areas of responsibility. Good use of Task and Finish Groups to utilise ‘Back Bencher’ Members on bespoke projects/issues; detailed Constitution; good Member Induction and Member Development Programme; Annual Workforce report; Good emphasis on development of individuals generally through continuous professional learning programmes and opportunities for self-development. Well established annual appraisal process. Opportunities for secondments and apprenticeships; benchmarking; training programmes in existence including Health & Safety, Fire Safety, Safeguarding, Equalities, Social Media; Staff 1:1s; Regular EMT visits to teams within the organisation and Chief Executive communications. Greater engagement between EMT and Service Managers has been brought about by regular monthly meetings (led by the Chief Executive). Emphasis on building capacity and modernising the Council’s approach to delivery of services.</p>

<p>F. How does the organisation manage risks and performance through robust internal control and strong public financial management?</p>	<p>Risk Management Strategy in place, as well as Strategic and Service Risk Registers. The Council has an emergency response plan and will be undertaking further training of key officers on emergency planning scenarios throughout 2022/23. Strategic risks are kept under regular review and reported to overview and scrutiny panels by virtue of the portfolio performance dashboards. Financial Regulations have recently undergone extensive review to ensure they are suitable and fit-for-purpose. Robust financial procedures ensuring probity and openness in making decisions. Detailed Medium Term Financial Planning and Financial Monitoring reporting throughout the year. Suitable level of expertise within the finance and audit functions. External Audit of Annual Financial Report including value for money opinion. Risk based internal auditing service/planning, with progress regularly reviewed by the Audit Committee. Key strategies and policies in place; Anti-Fraud and Corruption Strategy; Information Governance Policy; Information Asset Register; ICT Security Policy; GDPR Action Plan. The Council's business continuity arrangements have been extensively tested as a result of the Covid 19 pandemic which has demonstrated that the Council can react to working remotely and in very different ways to deliver services to the community.</p>
<p>G. How does the organisation implement good practices in transparency, reporting and audit to deliver effective accountability?</p>	<p>Well established reporting to Cabinet, Audit Committee and Overview and Scrutiny Panels. Council website includes published calendar of meetings, including agendas, minutes and key decisions of both members and officers. Transparency pages on website gives information on contracts, payments to suppliers, access to information and other useful information in line with the Local Government Transparency Code 2015 requirements. Clear decision making protocols and detailed Scheme of Delegation so that accountability for decisions is clear. Financial responsibility and accountability understood by senior management and members alike. Auditors prepare and present independent Annual Opinion Report, and regular updates on audit plan progress. Sound and suitably resourced internal audit service. Detailed Medium Term Financial Planning and Financial Monitoring reporting throughout the year. Regular financial updates provided by Finance Service to accountable officers. Greater transparency in annual reporting of housing compliance matters in place. Peer review undertaken within last 3 years which provided positive feedback along with recommended actions. These have been considered and actioned appropriately. Annual Governance Statement reviewed by Audit Committee and external audit. The provision of Internal Audit Services, through the Southern Internal Audit Partnership (hosted by Hampshire County Council), going well.</p>

Progress against Actions arising from the previous year's Code of Good Governance Review

Topic	Responsible Officer	Deadline	Follow up status
To keep under review the actions arising following the in-year review of the Council's Information Governance practices and ensure that the new improvements identified are implemented	S151 Officer and Monitoring Officer	March 2022	EMT report (Feb '22) set out progress in respect of the Information Governance Action Plan. Actions proceeding well with EMT receiving 6 monthly updates.
Financial Management Code – to review how the Council complies with the new code (as full implementation is expected in 2021/22)	S151 Officer and Monitoring Officer	March 2022	Due to other priorities, this review has not been completed. Report due to go to Audit Committee in July 2022 with findings of review.
Payment Card Industry Data Security Standard Accreditation (changes to telephony required and included within 2021/22 ICT work programme)	S151 Officer	March 2022	Work has been ongoing in 2021/22 and will result in annual requirements going forward. This will therefore become a 'Business as Usual Activity' for the council. The 2021/22 context has included the retirement of payment gateway services from Mastercard; the incumbent NFDC supplier. A separate report is included within the Agenda.

APPENDIX 3

Actions arising from the Good Governance Review 2021/22

Topic	Responsible Officer	Deadline
To assess the effectiveness of the Capital Change and Delivery Board, set up by EMT to oversee major Capital spend and the Council's Transformation Programme.	S151 Officer and Monitoring Officer	March 2023
To assess the effectiveness of the new Project Management framework for projects to ensure appropriate Governance arrangements are in place for all projects.	S151 Officer and Monitoring Officer	March 2023
Financial Management Code – to review how the Council complies with the new code (as full implementation is expected in 2021/22)	S151 Officer and Monitoring Officer	Summer 2022