

## CODE OF GOOD GOVERNANCE REVIEW ANNUAL REPORT OF THE MONITORING OFFICER AND CHIEF FINANCE OFFICER IN RESPECT OF 2022/23

### 1. RECOMMENDATIONS

- 1.1 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**.

### 2. INTRODUCTION

- 2.1 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.
- 2.2 This report brings together the outcomes of the review carried out for 2022/23.

### 3. REVIEW OF COMPLIANCE

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

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

- 3.2 The Council's compliance with the Code has been assessed, and a summary of the findings is detailed in **Appendix 1**.
- 3.3 This assessment also considers progress made against the previous year's (2021/22) Action Plan, which was reported to Audit Committee in May 2022. The reported progress can be found in **Appendix 2**.
- 3.4 The main areas identified for further consideration arising out of this review are summarised below and form part of the action plan at **Appendix 3**.
1. Procurement Strategy - to ensure that it aligns with the Council's priorities, that value for money is being achieved and processes/procedures are being complied with.

2. Financial Regulations - to ensure that the controls are appropriate for the Council's decision making arrangements and ensure efficient running of the business.
3. Continuous improvement and development programme for Members and Officers - to ensure that there are appropriate arrangements in place to demonstrate that Services are carrying out their continuous improvement functions and that corporately, there is in place an on-going Development Programme for Members and Officers.
4. The Corporate Report Template - to promote the effective completion of Impact Assessments as part of the Council's formal decision making.

#### **4. FINANCIAL IMPLICATIONS**

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

#### **5. ENVIRONMENTAL MATTERS**

- 5.1 There are no environmental matters arising directly from this report.

#### **6. CRIME AND DISORDER IMPLICATIONS**

- 6.1 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.

#### **7. EQUALITY AND DIVERSITY IMPLICATIONS**

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

#### **8. CONCLUSIONS**

- 8.1 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 areas identified in **Appendix 3** for review.

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##### **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 2022/23

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?	<p>Detailed and up to date Constitution on decision making including expected standards of conduct of both Members and officers. This was updated to take account of the new Council following May 2023 elections. Sound rules on Procurement procedures and Contract Standing Orders which are regularly reviewed to ensure they are fit for purpose - <a href="http://www.newforest.gov.uk/article/1070/Procurement-Strategy">http://www.newforest.gov.uk/article/1070/Procurement-Strategy</a>. 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. Also statutory officers regularly meet in their statutory capacity to ensure good governance and legality of decision making, as well as robust financial management. Member and Officer Codes of Conduct in place, as well as an established and robust corporate and member complaints procedures. Register of Gifts and Hospitality for Members and Officers. Up to date whistleblowing policy, equality &amp; 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 - <a href="https://democracy.newforest.gov.uk/documents/s21799/Financial%20Regulations%20April%202022.pdf">https://democracy.newforest.gov.uk/documents/s21799/Financial%20Regulations%20April%202022.pdf</a></p>
B. How does the organisation ensure openness and comprehensive stakeholder engagement?	<p>Resident Insight survey took place during 22/23 with statistically representative results to enable the Council to consider the views of residents on a wide range of topics and the delivery of services: <a href="https://www.newforest.gov.uk/residentssurvey">https://www.newforest.gov.uk/residentssurvey</a>. Overall, very positive feedback. Also, during 22/23 Council carried out wide consultation on proposals to make 2 Public Space Protection Orders, inviting views from a wide selection of individuals, public partners, voluntary groups, landowners, and the public generally. Further, consultation was carried out with the business community in 22/23 prior to agreeing the budget and setting the Council Tax.</p> <p>The Council also has a detailed Constitution on how the Council makes decisions, including rights of stakeholders. Well established overview and scrutiny panels open to the public. 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. Local Plan in place; robust Transparency Code; Annual Financial Report and Annual Governance Statement published.</p>

<p>B. cont.</p>	<p>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.</p> <p>New Employee survey conducted in 22/23 to gauge employees' views on a wide variety of issues with results presented to EMT/Service Managers. Appropriate procedures are in place to build on the results and to ensure there are regular surveys in the future.</p> <p>Council Chamber Audio Visual improvements carried out in the latter part of 2022/23 to improve the quality of broadcasting for meetings held in the Chamber, promoting openness and transparency.</p>
<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 policy; 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 href="#">Climate Change &amp; Nature Emergency Annual Update 2023</a> A new specific Greener Housing Strategy has also been devised - <a href="#">Greener Housing Strategy</a> 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>Following elections in May 2023, the Council's Corporate Plan will be revisited.</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. 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 (April 2022) to oversee Capital spend and the Council's transformation programme.</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. This will be a review action for 23/24 to ensure robust programme in place for Officers and Members which is ongoing throughout the year. Well established annual appraisal process. Opportunities for secondments and apprenticeships; benchmarking; training programmes in existence including Health &amp; 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 Policy in place, as well as Strategic and Service Risk Registers. Strategic risks are kept under regular review and reported to overview and scrutiny panels by virtue of the portfolio performance dashboards. Financial Regulations have undergone extensive review in recent times 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 in recent times which has demonstrated that the Council can react to working remotely and in very different ways to deliver services to the community. New dedicated resources allocated to emergency planning with new officer starting in March 2023. This will enhance the Council's capabilities for civil emergency functions and business continuity.</p> <p>The Council's three statutory officers meet on a regular basis to ensure openness and awareness of matters arising including corporate risks and performance, demonstrating strong collective management.</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. 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 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	The new Capital and Change Board set up in April '22 has brought about greater monitoring and oversight of important Capital projects by the Council's senior management. Regular updates are provided enabling the Board to react to changes in planned delivery and/or budget to ensure that projects remain on course or require alternative delivery mechanisms.
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	The Capital Change Board received monthly updates throughout the year covering project management and programme delivery and consistency in project governance.
Financial Management Code – to review how the Council complies with the new code (as full implementation is expected in 2021/22)	S151 Officer	March 2023	An assessment against the (draft) code was completed during 2022/23 and reported to the Audit Committee. The assessment demonstrated a sound level of compliance, with some actions to be completed following the formation of the new administration.

**Actions arising from the Good Governance Review 2022/23**

Topic	Responsible Officer	Deadline
To review the Council's Procurement Strategy to ensure that it aligns with the Council's priorities, that value for money is being achieved and processes/procedures are being complied with.	S151 Officer and Monitoring Officer	April 2024
To review the Council's Financial Regulations to ensure that the controls remain appropriate for the Council's decision-making arrangements and ensure efficient running of the business	S151 Officer and Monitoring Officer	April 2024
To review the Council's approach to continuous improvement and the existence of a comprehensive development programme for Members and Officers to ensure that there are appropriate arrangements in place to demonstrate that Services are carrying out their continuous improvement functions and that corporately, there is in place an on-going comprehensive Development Programme for Members and Officers.	S151 Officer and Monitoring Officer	April 2024
To review the Council's Corporate Report Template, to promote the effective completion of Impact Assessments as part of formal decision making.	S151 Officer and Monitoring Officer	April 2024