

CODE OF GOOD GOVERNANCE REVIEW ANNUAL REPORT OF THE MONITORING OFFICER AND CHIEF FINANCE OFFICER IN RESPECT OF 2023/24

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 Accounts and Audit Regulations 2015.
- 2.2 This report brings together the outcomes of the review carried out for 2023/24.

3. REVIEW OF COMPLIANCE

- 3.1 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.

- 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 (2022/23) Action Plan, which was reported to Audit Committee in May 2023. 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. Implementation of the new corporate report template along with new officer decision record and portfolio holder decision record to support transparent and effective officer and member decision making.
2. Review Officer Scheme of Delegation and Officer and Member decision-making thresholds within the Financial Regulations - to ensure that the controls and thresholds are appropriate for the Council's decision-making arrangements and ensure efficient running of the Council's services.
3. To Implement the new performance management framework, to include introduction of new service plan template to be in place with service plans updated prior to budget setting process commencing in Autumn 2024.
4. Continue to review the strategic and service risk management framework and specific processes to further promote the link between service risk registers and corporate risk register. Review the procedure for ongoing review of service risks at directorate level and ensure a link to service planning and resource management.
5. Ensure preparation of improved budget information that supports accountability across budget holders, and also supports Portfolio-holder oversight. To support accountability of individual budget holders, specific training and development modules to be made available for example in the operation of the Unit 4 financial system and the development of more accessible budget information.

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. LEGAL IMPLICATIONS

5.1 The Council is required by s.3 of the Accounts and Audit Regulations 2015 to ensure that it has a sound system of internal control which—

(a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;

(b) ensures that the financial and operational management of the authority is effective; and

(c) includes effective arrangements for the management of risk.

Section 6 of the Regulations provides that the Council must, each financial year,

(a) conduct a review of the effectiveness of the system of internal control required by regulation 3; and

(b) prepare an annual governance statement.

This report provides an assessment following the review and contributes to the preparation of the Annual Governance Statement.

6. ENVIRONMENTAL MATTERS

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

7. CRIME AND DISORDER IMPLICATIONS

- 7.1 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.

8. EQUALITY AND DIVERSITY IMPLICATIONS

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

9. CONCLUSIONS

- 9.1 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 relatively 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 2023/24

Principle	Assessment of Monitoring Officer and Chief Finance Officer and Evidence
<p>A. How does the organisation behave with integrity, demonstrating strong commitment to ethical values, and respect the rule of law?</p>	<ul style="list-style-type: none"> • 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. • Comprehensive Scheme of Delegations and transparent decision-making processes. • Robust Financial Regulations setting out clearly thresholds and procedures for officer and Member decision-making and ensuring probity and openness in decision making. • Protocols in place for statutory Chief Officers in carrying out their functions. Statutory officers regularly meet in their statutory capacity to ensure good governance and legality of decision making, as well as robust financial management and to monitor and review ethical governance issues as they arise. • Member and Officer Codes of Conduct are in place, as well as established and robust corporate and Member complaints procedures. The corporate complaints procedure has recently been updated to ensure compliance with the revised Housing Ombudsman and Local Government and Social Care Ombudsman statutory codes effective from April 1st, 2024. • Register of Gifts and Hospitality for Members and Officers. • Up to date whistleblowing policy, equality & diversity and data protection/information governance training modules in place.

<p>B. How does the organisation ensure openness and comprehensive stakeholder engagement?</p>	<ul style="list-style-type: none"> • Community Forum including Parish Councils meeting regularly and Chief Executive meeting with Town and Parish Council clerks. • A Tenant Engagement Strategy approved building on consultation including a Tenant survey of representative 575 tenants, and ongoing Tenant Involvement Group and localised tenant engagement. • Complaints reporting and engagement with complainants. • Consultation on specific strategies and policies – for example the Taxi Licensing Policy. • 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; meetings streamed live on YouTube and recordings available on the Council’s website; public able to make representations at planning and panel meetings. • FOI/Access to Information policies in place and sound system for dealing with requests for information and good emphasis on compliance with deadlines. • Ongoing compliance with the requirements to publish information proactively including by compliance with the Transparency Code; Annual Financial Report and Annual Governance Statement published.
<p>C. How does the organisation define outcomes in terms of sustainable economic, social and environmental benefits?</p>	<ul style="list-style-type: none"> • The Council has adopted its new comprehensive Corporate Plan from which deliverable and specific service objectives will be clearly prioritised and defined. • Climate Change and Nature Emergency Action Plan • Local Plan policies and through development of new local plan • New performance management framework will incorporate processes for ensuring outcomes are linked to Corporate Plan objectives and defined in terms of economic, social and environmental benefits by link to those specific benefits set out in the Corporate Plan – “People, Place, Prosperity”. • The Greener Housing Strategy • Air Quality strategy development is ongoing and will deliver outcomes to monitor and improve air quality within the District • The Procurement Strategy and gateway process • The Council’s Key Policy Framework and Budget as referred to and defined in the Constitution provides the strategic framework for the Council.

<p>D. How does the organisation determine how to best optimize the achievement of intended outcomes</p>	<ul style="list-style-type: none"> • The recently adopted Corporate Plan and the proposed revised performance management framework set out the clear strategic objectives of the Council and the way in which these outcomes will be further defined, planned and achieved. • 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. • Transformation Strategy has been adopted and preparation of detailed business case is ongoing and due to be considered in the near future. • Regular Medium Term Financial Planning sets overall context of financial challenges. Risk Register sets overall context for risk management. • Service planning linked to individual Performance Plans and appraisals; regular team meetings and 121s • Officer governance including Executive Management Team and Corporate Change Board and Leadership Team
<p>E. How does the organisation develop the entity's capacity, including the capability of its leadership and the individuals within it?</p>	<ul style="list-style-type: none"> • Member Development Programme – initial year completed post-election 2023 and review now ongoing to ensure future programme meets requirements of individual members and the organisation's priorities. • Good use of Task and Finish Groups to utilise 'Back Bencher' Members on bespoke projects/issues. • Leadership Development work commenced in September 2023, engaging the organisation's senior leadership team. • New LMS in place to ensure training opportunities are identified and monitored. • Comprehensive ongoing leadership development programme – to build capability and capacity commenced in September 2023, engaging the organisation's wider leadership team with 360 degree feedback and coaching. Following this successful conclusion a programme is now being developed to support managers across the Council.

<p>F. How does the organisation manage risks and performance through robust internal control and strong public financial management?</p>	<ul style="list-style-type: none"> • Risk Management Policy in place, as well as Strategic and Service Risk Registers. The further development of service risk registers and the monitoring and review and the link to service plans and corporate risk register to be considered further during 24/25 as set out in Appendix 3. 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. • Annual and six monthly housing and corporate asset compliance report and related governance structures in place, for example fire safety steering group and statutory compliance board. • 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>G. How does the organisation implement good practices in transparency, reporting and audit to deliver effective accountability?</p>	<ul style="list-style-type: none"> • 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.

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

Topic	Responsible Officer	Deadline	Follow up status
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	Procurement Strategy reviewed and adopted – Council December 2023
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	Financial Regulations reviewed, amended and adopted following a light touch review in early 2024 and to be subject to further review in light of review of officer scheme of delegation and new Procurement Act 2023
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	Leadership Development programme implemented and underway. Member training and development programme implemented post-election through 2023/24 and feedback being obtained. Will be reviewed and updated following feedback to ensure focus on relevant priorities
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	Corporate report template reviewed and new template to be introduced in summer 2024 following final consultation with leadership team and senior officers.

APPENDIX 3

Actions arising from the Good Governance Review 2023/24

Topic	Responsible Officer	Deadline
Implementation of the new corporate report template along with new officer decision record and portfolio holder decision record to support transparent and effective officer and member decision making.	Monitoring Officer	September 2024
Review the Officer Scheme of Delegation and thresholds within the Financial Regulations - to ensure that the controls and thresholds are appropriate for the Council's decision-making arrangements and ensure efficient running of the Council's services.	Monitoring Officer and S151 Officer	December 2024
Implementation of the new performance management framework, to include introduction of new service plan template to be in place with service plans updated prior to budget setting process commencing in Autumn 2024.	S151 Officer	Autumn 2024
Review of risk management processes to ensure link within performance management framework and link between service risk registers and corporate risk register. To include appropriate procedures and clarity of accountability regarding review of service risks at directorate level and escalation process to corporate risk register.	Monitoring Officer and S151 Officer	December 2024
Ensure preparation of improved budget information that supports accountability across budget holders, and also supports Portfolio-holder oversight. To support accountability of individual budget holders, specific training and development modules to be made available for example in the operation of the Unit 4 financial system and the development of more accessible budget information.	S151 Officer	December 2024