

## Audit Committee – 27 June 2025

### Code of good governance review – annual report of the Monitoring Officer and Chief Finance Officer in Respect of 2024/25

Purpose	For Review
Classification	Public
Executive Summary	<p>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.</p> <p>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 throughout the report and by the relatively few areas identified in Appendix 3 for review.</p>
Recommendation	<b>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</b>
Reasons for recommendation	To support the Council's compliance with the Accounts and Audit Regulations 2015 by undertaking this key strand of assurance in support of the Annual Governance Statement.
Wards	All
Portfolio Holder	Councillor Jeremy Heron – Finance and Corporate
Strategic Director	Alan Bethune – Chief Finance Officer (S151); Strategic Director of Corporate Resources and Transformation

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## Introduction and background

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. This report brings together the outcomes of the review carried out for 2024/25.

## Review of Compliance

3. 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.

4. The Council's compliance with the Code has been assessed, and a summary of the findings is detailed in Appendix 1.

5. This assessment also considers progress made against the previous year's (2023/24) Action Plan, which was reported to Audit Committee in May 2024. The reported progress can be found in Appendix 2.
6. 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.
  - a. Reporting arrangements in respect of council owned companies
  - b. Changes to internal governance arrangements in support of Transformation and Local Government Reorganisation
  - c. Embedding the new Principal Risk Register
  - d. Improved Budget Information

### **Corporate plan priorities**

7. Good governance supports all corporate plan activity by ensuring the council is positioned to manage risks effectively, ensure openness and comprehensive stakeholder engagement as part of its decision making processes and deliver positive outcomes in terms of sustainable economic, social and environmental benefits. A key strand of the corporate plan and Future New Forest programme is financial responsibility, which is promoted by implementing good practices and robust internal controls through regular review.

### **Options appraisal**

8. The Audit Committee is invited to comment and make observations in respect of the assessment undertaken by the Monitoring Officer and Chief Finance Officer. There are no specific alternative options in respect of the recommendation, which is for noting.

### **Consultation undertaken**

9. Consultation on the review undertaken by the Monitoring Officer and Section 151 Officer has taken place with the Executive Management Team and the Portfolio Holder for Finance and Corporate.

### **Financial and resource implications**

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

## **Legal implications**

11. 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.
12. 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.
13. This report provides an assessment following the review and contributes to the preparation of the Annual Governance Statement.

## **Risk assessment**

14. A formal risk assessment is not required in respect of this well embedded annual activity, which in itself identifies key governance risks and mitigating actions.

## **Environmental / Climate and nature implications**

15. The successful embedding of the Council's new corporate report template has promoted the ongoing consideration of environmental and climate implications through the decision making process.

## **Equalities implications**

16. The successful embedding of the Council's new corporate report template has ensured greater scope to meet the Council's public sector equality duties.

## **Crime and disorder implications**

17. 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.

## **Data protection / Information governance / ICT implications**

18. None arising directly from this report.

### **Appendices:**

Appendix 1 – Summary of the Council's compliance with its adopted Code of Good Governance for period 2024/25

Appendix 2 – Progress against actions arising from the previous year's Code of Good Governance Review

Appendix 3 Actions arising from the Code of Good Governance Review 2024/25

### **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 2024/25**

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"> <li>• Detailed and up to date Constitution on decision making including expected standards of conduct of both Members and officers.</li> <li>• The Council's Key Policy Framework and Budget as referred to and defined in the Constitution provides the strategic framework for the Council.</li> <li>• Sound rules on Procurement procedures and Contract Standing Orders which are regularly reviewed to ensure they are fit for purpose.</li> <li>• Comprehensive Scheme of Delegations and transparent decision-making processes, which were reviewed in 2024/25.</li> <li>• Robust Financial Regulations setting out clear thresholds and procedures for officer and Member decision-making and ensuring probity and openness in decision making, which were reviewed in 2024/25.</li> <li>• Protocols in place for statutory Chief Officers in carrying out their functions.</li> <li>• 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.</li> <li>• Member and Officer Codes of Conduct are in place, as well as established and robust corporate and Member complaints procedures. The corporate complaints procedure continues to embed compliance with the revised Housing Ombudsman and Local Government and Social Care Ombudsman statutory codes.</li> <li>• Register of Gifts and Hospitality for Members and Officers.</li> <li>• Up to date whistleblowing policy, equality &amp; diversity and data protection/information governance training modules in place.</li> <li>• The Regulator for Social Housing has legislated for and published a series of consumer standards for social housing landlords to adhere to from April 2024. The council's housing service has a delivery and oversight programme</li> </ul>

	to ensure its tenants receive improved outcomes from the delivery of this work.
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<p>B. How does the organisation ensure openness and comprehensive stakeholder engagement?</p>	<ul style="list-style-type: none"> <li>• Community Forum including Parish Councils meeting regularly and Chief Executive meeting with Town and Parish Council clerks.</li> <li>• Complaints reporting and engagement with complainants, including new reporting framework to the executive Members responsible for complaints monitoring.</li> <li>• Regular updates to the planning statement of community involvement.</li> <li>• New Customer Strategy with a focus on resident and stakeholder needs.</li> <li>• Consultation on specific strategies and policies.</li> <li>• Well established overview and scrutiny panels open to the public.</li> <li>• 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.</li> <li>• FOI/Access to Information policies in place and sound system for dealing with requests for information and good emphasis on compliance with deadlines.</li> <li>• Ongoing compliance with the requirements to publish information proactively including by compliance with the Transparency Code; Annual Financial Report and Annual Governance Statement published.</li> <li>• Publication and delivery of a new Tenant Engagement strategy promoting wider engagement and co-production opportunities to tenants, as well as a tenant representative now co-opted to the Housing Overview &amp; Scrutiny Panel</li> <li>• Annual survey of tenants to record satisfaction with the council's housing landlord service</li> <li>• Use of digital engagement tools to consult on strategy delivery</li> <li>• Community Safety engagement events held each year in main population centers around the district</li> <li>• Use of social media and engagement with comments from residents</li> </ul>
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<p>C. How does the organisation define outcomes in terms of sustainable economic, social and environmental benefits?</p>	<ul style="list-style-type: none"> <li>• The Council has an adopted comprehensive Corporate Plan from which deliverable and specific service objectives are clearly prioritised and defined. They are kept under review in view of emerging external factors, such as local government reorganisation.</li> <li>• Climate Change and Nature Emergency Action Plan</li> <li>• Local Plan policies and through development of new local plan</li> <li>• New performance management framework has incorporated 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”.</li> <li>• Key Performance Indicators clearly defined.</li> <li>• The Greener Housing Strategy commits the Council to a programme of positive changes to reduce carbon emissions</li> <li>• Grant awards from Central Government for the delivery of specific work to council owned social housing</li> <li>• New Air Quality Strategy and action plan</li> <li>• New Christchurch Bay and Harbour Flood and Coastal Erosion Management Strategy.</li> <li>• The Procurement Strategy and gateway process.</li> </ul>
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<p>D. How does the organisation determine how to best optimise the achievement of intended outcomes</p>	<ul style="list-style-type: none"> <li>• Programme approach embedded into strategic priorities such as the implementation of the Waste Strategy, alongside associated key service changes.</li> <li>• Review of Community Grants process to embed alignment with Corporate Plan.</li> <li>• The adopted Corporate Plan and 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 through the delivery of key strategies, policies and work plans.</li> <li>• Corporate Peer Challenge outcomes developed into an action plan alongside key revisions to Corporate Plan, Transformation Strategy and the regular reporting of action plan and progress through EMT.</li> <li>• 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.</li> <li>• Clear decision-making protocols in place.</li> <li>• Regular Medium Term Financial Planning sets overall context of financial challenges. Risk Register sets overall context for risk management.</li> <li>• Service planning linked to individual Performance Plans and appraisals; regular team meetings and 121s.</li> <li>• Officer governance including Executive Management Team and Corporate Change Board and Leadership Team.</li> </ul>
<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"> <li>• Member Development reviewed, including survey of Members to shape next phase of development which includes the theming of training opportunities and a new Overview and Scrutiny Panel Member training package.</li> <li>• Good use of Task and Finish Groups to utilise 'Back Bencher' Members on bespoke projects/issues.</li> <li>• Leadership Development work continued throughout 2024/25, engaging the organisation's senior leadership team and all managers across the Council, to ensure a skilled and consistent approach to people management.</li> <li>• Learning Management System continues to be embedded to ensure training opportunities are identified and monitored.</li> <li>• Separate Directorate Training budgets aligned to key strategic deliverables and</li> </ul>

	<p>staff personal development reviews continue to deliver programmes to develop staff .g. Prince2 project management</p> <ul style="list-style-type: none"><li>• Ahead of the Regulator of Social Housing's competency standard being formally adopted the council has committed to a programme of qualifications for housing staff</li></ul>
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<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"> <li>• Development of new Risk Management approach, aligned to service plans and the emerging new Principal Risk Register, as well as ongoing maintenance of Service Risk Registers. Strategic/Principal risks are kept under regular review and reported to overview and scrutiny panels by virtue of the portfolio performance dashboards.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• The Housing Service is an area of key financial and safety compliance risk and has a structured oversight approach to monitor and manage key performance measures and work programmes to ensure risk mitigation, compliance and robust financial management</li> <li>• Housing Revenue Account 30 year business plan</li> </ul>
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<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"> <li>• 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.</li> <li>• 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.</li> <li>• Clear decision making protocols and updated Scheme of Delegation so that accountability for decisions is clear.</li> <li>• A new corporate report template and review of the officer scheme of delegation has promoted the effective completion of impact assessments and implications arising from decision making. This includes financial responsibility and accountability understood by senior management and members alike.</li> <li>• Auditors prepare and present independent Annual Opinion Report, and regular updates on audit plan progress.</li> <li>• Sound and suitably resourced internal audit service.</li> <li>• Detailed Medium Term Financial Planning and Financial Monitoring reporting throughout the year.</li> <li>• Regular financial updates provided by Finance Service to accountable officers.</li> <li>• Greater transparency in annual reporting of housing compliance matters in place.</li> <li>• Annual Governance Statement reviewed by Audit Committee and external audit.</li> <li>• The provision of Internal Audit Services, through the Southern Internal Audit Partnership (hosted by Hampshire County Council), is well embedded.</li> <li>• Action plans published to identify gaps in service or project delivery to support strategic and project outcomes</li> </ul>
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## APPENDIX 2

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

Topic	Responsible Officer	Deadline	Follow up status
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	Complete. The new corporate report templates were implemented in September 2024 and a Corporate Governance Internal Audit found that all reports audited complied with the provisions of the new template, leading to substantial assurance.
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	Complete. New thresholds introduced to ensure efficient and accountable decision making, with the Council's Constitution updated to reflect these new arrangements and revised key decision definitions.
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	Complete. New Performance Management Framework adopted with clear links to service plans, which are now prepared annually each Autumn.

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	Complete. New Risk Management Framework adopted including new Principal Risk Register. Work to continue into 2025/26 to ensure the new updating and reporting requirements as outlined in the updated framework are properly embedded.
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	Engagement between the Service Accountancy team and Budget Responsible Officers (BROs) remains strong, but training and the ability for BROs to self-serve for up to date financial information can still be improved and was not sufficiently moved forward during 2024/25.

## APPENDIX 3

### Actions arising from the Good Governance Review 2024/25

Topic	Responsible Officer	Deadline
Reporting arrangements in respect of council owned companies	Monitoring Officer / Section 151 Officer	December 2025
Changes to internal governance arrangements in support of Transformation and Local Government Reorganisation	Monitoring Officer / Section 151 Officer	December 2025
Embedding the new Principal Risk Register following adoption	Section 151 Officer	March 2026
Improved Budget Information - opportunities for improvements to self-serve functionality will be explored, as will enhanced pro-active training for existing system use for Budget Responsible Officers	Section 151 Officer	March 2026