

Corporate Governance

SUMMARY

This report provides an update about the review of the Authority's Corporate Governance documents and policies.

RECOMMENDATION(S)

The Authority is asked to:-

- 1) Note the Clerk's approval of minor changes to governance documents, in consultation with the Treasurer where appropriate

1. Introduction

The principles of good corporate governance require the Authority to undertake its functions in a way that is completely open and inclusive, demonstrates the utmost integrity in all its dealings and is fully accountable to the public it serves.

A range of policies and documents provide the framework for the application of good governance and are publicly available. These have been reviewed and updated to reflect the current legislative position and organisational structure.

2. 2021/22 Review

The latest review was undertaken with support of the legal team from Harrow Council (HB Law) and GDPR advice from specialists (Data Protection Consultancy Ltd). The review gave due consideration to lessons from Nottingham, Croydon and the Redmond review. A brief precis of these can be found in Appendix 1 and this points to cultural, behavioural and wider economic issues rather than structures and documentation.

Given the nature of the Authority, its statutory role and limited change in activity these documents continue to be appropriate and only required minor changes which do not affect their substance e.g. changes to reflect the new post titles, removal of superfluous lines, spelling, cross referencing to other documents, minor clarifications etc.

The Clerk has delegated authority to approve minor changes to these documents and the table lists the policies and minor changes approved by the Clerk. A number of these changes were approved in consultation with the Treasurer.

A summary of their purpose the key changes and last review date can be found in the table in Appendix 2.

The next review will be undertaken at the earlier of 5 years or when circumstances change.

It is worth noting the procurement rules are also part of the governance documents and these were reviewed in 2020 and approved by the Authority in December of that year.

A full set of these documents will be published and a link circulated to Members.

3. Financial Implications – These are no financial implications as a result of this report.

4. Legal Implications – There are no legal implications as a result of this report.

5. Impact on Joint Waste Management Strategy – Good Corporate Governance provides the framework for delivering the objectives of the Joint Waste Management Strategy.

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Appendix 1 - Lessons learned – Croydon, Nottingham and the Redmond Review

Croydon

A deteriorating financial situation over a number of years culminated in the Council's external auditors, Grant Thornton, issuing a report in the public interest under s.24 and schedule 7 of the Local Audit and Accountability Act 2014 in October 2020.

MCHLG rapid review in November 2020 identified a number of issues which had led to its financial situation, in particular:

- Recurrent and substantial overspends, particularly in social care;
- Income generation not delivering as hoped. Some investments were performing well or adequately but not others, and were managed poorly;
- A low level of reserves; and
- Medium term planning set great store in the Croydon growth zone, including a new Westfield shopping centre, which was expected to generate more income in the form of business rates. However, these had not come to fruition.

The underlying issues were to do with poor culture and leadership which resulted in poor management. Also, the checks and balances were there – overview and scrutiny, an Audit Committee and external auditors. However, they did not challenge properly. The s.151 officer was also slow to issue the s.114 notice.

Nottingham

A MCHLG rapid review was carried out in October / November 2020.

The main financial issues were:

- A high level of debt which meant that revenue budget affected due to debt servicing
- Pursuing a policy of commercialisation including seeking opportunities to maximise income streams and holding some assets in a wholly owned or joint venture company structure. The Council had not understood the environment in which it was operating

Issues that had contributed to these failings:

- Inability to recognise, respect and take action on the advice the Section 151 officer (S151 officer) was providing. Over a period of years, the financial position she had correctly identified was delayed in reporting, not supported by other senior officers, and resulted in no effective action being taken.
- Similarly, it was possible for legal advice to be sought and proffered to the Council without the clear oversight of the Monitoring Officer.
- No mechanism for setting targets and goals for its Chief Executive and holding the postholder to account for it and below the Chief Executive the structure is seen to be complicated, diffuse and lacking corporate focus and control.

- Conflicts of interest in that the Audit Committee had members on it who were also Directors of the Council wholly-owned companies.
- the internal audit programme needed to be more focussed on risk
- It did not appear that the Audit Committee operated in a way that secured and monitored action. The review commented that it should be possible for a matter of concern to be referred to a relevant executive body and the Chair should then have the right to attend and speak to that item.
- It should be possible for the Audit Committee to require responsible officers to appear at the committee to deal with matters under their control.

The Redmond review

IN July 2019 Sir Tony Redmond was asked to carry out an independent review into the effectiveness of external audit and transparency of financial reporting in local authorities.

His final report, published in September 2020, made 23 recommendations in relation to:

- external audit regulation
- smaller authorities audit regulation
- financial resilience of local authorities
- transparency of financial reporting

In the government's response to the report in December 2020 these recommendations were grouped into 5 themes:

- Action to support immediate market stability
- Consideration of system leadership options
- Enhancing the functioning of local audit, and the governance for responding to its findings
- Improving transparency of local authorities' accounts to the public
- Action to further consider the functioning of local audit for smaller bodies

An update to the response was published by the government in Spring 2021. At that point the deadline for statement of accounts had been amended to 30 September for 2 years. Actions in relation to the other recommendations were, so far as they had been accepted, being progressed but not yet finalised.

Appendix 2

Document Title	Purpose	Changes from last version	Previous review	Approval
Access to Information Policy and Procedure Rules	Sets out the rules that apply to meetings of the Authority and Audit Committee including timescales for publishing papers minutes etc	Minor changes. Address updated. Some deletions of wording which were unnecessary or did not reflect what happens in practice.	2016	Clerk – January 2022
Anti-bribery and counter fraud policy	Provides the procedures around fraud and anti-bribery	Minor changes to make it clear who it covers, to refer to links to other policies and to correct or clarify some legal references.	2015	Clerk in consultation with Treasurer – January 2022
Audit Committee Terms of Reference	Sets out the role and responsibilities in relation to assurance and the scope of work to be undertaken	Table in appendix consolidated to reflect 2 Audit Committee meetings (previously 4)	2016	Clerk – January 2022
Data protection policy	Sets out the rules, roles and processes in relation to the holding and processing of personal data	Minor changes to explain the limited range of personal data processed by the Authority, manager’s responsibilities for procedure and the Finance Directors responsibility for compliance and audit	2017	Clerk – January 2022
Financial Regulations	Provides the framework for managing finances and safeguarding assets. It details the roles, responsibilities and procedures for each area of financial activity and asset management	Minor changes to post titles, reference to the appropriate pieces of legislation, consistency with updated policies.	2016	Clerk in consultation with Treasurer – January 2022
Local Code of Corporate Governance	This document outlines the principles of corporate governance identified within the CIPFA’s local government framework document – delivering good governance. The local code also details the	No changes	2016	Clerk – January 2022

	monitoring and reporting arrangements. The principles contained in this document underpin all other corporate governance documents.			
Member Code of Conduct and Member Complaints Procedure (incorporating terms of reference of Standards Committee).	Identifies the principles/behaviours expected of members in accordance with the Localism Act. It provides the rules around declaring interests and procedure for dealing with standards' allegations and complaints.	Minor changes for grammar.	2016	Clerk – January 2022
Protocol of Relationships between Councillors and Officers	This document identifies the roles and responsibilities of Councillors and Officers and the processes to ensure effective running of the Authority	Minor changes extending who complaints can be raised with	2016	Clerk – January 2022
Publication Scheme	Sets out the information that will be publically available	Minor typos	2016	Clerk – January 2022
Scheme of Delegation to Officers	For the proper running of a business, powers are delegated from a governing body to management. This document identifies the powers the Authority has delegated to the Managing Director, Clerk and Treasurer and includes Urgency procedures.	No changes	2016	Clerk – January 2022
Standing Orders.	Essentially provides the rules that define the constitution of the Authority. This includes the composition of its	Minor changes to reflect correct legal references, that personal delivery of papers does not now take place and that members are not necessarily	2016	Clerk – January 2022

	governing body (the constituent boroughs), the manner of conducting business proceedings (meetings and decision making) and standards (personal interest).	required to sign an attendance record (this is not a legal requirement).		
Whistleblowing	Provides staff a clear and safe way of raising concerns	Minor changes made to clarify the position on confidentiality and other minor items.	2015	Clerk in consultation with Treasurer – January 2022