



Corporate Governance Policy

Version	Author	Date	Summary of changes
V1	Will Jackson	June 2018	Approved at GAF Board
V1.1	Will Jackson	May 2019	Review and updated for 2019

Adopted by Governance, Audit & Finance Board June 2018	Review - June 2019
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Introduction by the chief executive

The council provides a diverse range of services to our customers, residents, businesses and visitors to the borough. It is essential that we protect and preserve the ability for customers to receive these services and that the council is able to deliver against our long-term strategic goals for the place. The council works to the principles set out in the Local Code of Corporate Governance and aims to achieve its intended outcomes whilst acting in the public interest at all times.

We recognise that risks are inherent within our service delivery, and that these risks must be appropriately managed, whether they arise at a strategic or an operational level. Uncontrolled risks can result in a drain on resources that could be better directed to front line service provision, and to the meeting of the council's objectives. A culture of managed risk can therefore enhance our drive for value for money and quality in the provision of services, and support the achievement of corporate goals. It is noted that the management of risk is equally concerned with managing upside potential and downside threats.

Only by adopting a holistic approach to risk management will the council properly recognise the concept of risk. Risk management must be an integral part of all aspects of the council's business, embedded throughout the organisation. A structured and focussed approach is facilitated through the council's risk management framework. This policy has the full support of the elected councillors and the paid Executive Board responsible for managing and delivering services. It is recognised that the co-operation and commitment of all employees and councillors is required to ensure that council's resources are utilised effectively.

Gill Kneller
Chief Executive

1. What do we mean by governance?

Governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

It comprises the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with, and where appropriate, lead their communities. Ultimately, corporate governance is the system by which we direct and control our functions, and how they relate to our community.

2. The council's commitment

The council, as a public organisation, is committed to ensuring the highest possible standards of governance to fulfil its responsibilities:

1. To engage in effective partnerships and provide leadership for and with the communities we serve.
2. To ensure the delivery of high quality local services whether directly or in partnership or by commissioning.
3. To perform a stewardship role which protects the interests of the place for future generations and local people and makes the best use of resources
4. To develop citizenship and local democracy.

Openness, inclusion, integrity and accountability are fundamental principles by which the council operates.

3. The Corporate Governance Framework

Risk management is an integral part of good management and corporate governance and is therefore at the heart of what we do. It is essential to the council's ability to deliver public services and as a custodian of public funds.

The council is legally required to have risk management arrangements in place. The council's approach to managing risk is explained in this Corporate Governance Policy and has been approved by Governance, Audit & Finance Board.

The Policy:

- Sets out the council's objectives for the management of risk at a strategic and operational level, within projects, within partnerships and its suppliers;
- describes the risk management framework that is in place by defining a systematic approach to how risk will be managed across the council; and
- ensures that associated thinking and practice is embedded in everyday processes, policies and activity.

In order to ensure the fulfilment of its commitment the council operates a governance framework which provides a structure to support the council's approach to governance.

The council has based its governance framework on the guidance produced in the publication “Delivering Good Governance in Local Government” produced by the Chartered Institute of Public Finance & Accountancy (CIPFA) and the Society of Local Authority Chief Executives & Senior Managers (SOLACE).
The Accounts and Audit Regulations 2015 state:

A relevant authority must 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.

This Corporate Governance Policy is fully supported by councillors, the chief executive and the Executive Board which is accountable for the effective management of risk within the council. On a daily basis all officers of the council have a responsibility to recognise and manage risk in accordance with this policy.

4. How we will ensure that we deliver on these principles of good governance

4.1 Maintain a local code of corporate governance

In accordance with best practice requirements, the council maintains a Local Code of Corporate Governance which sets out the key systems, policies and procedures that comprise the authority’s governance framework. This document will be reviewed and updated regularly as required and approved by the Executive Board and Governance and Audit Board, to reflect any changes in governance arrangements.

4.2 Undertake an annual review of governance arrangements

The Southern Audit Partnership¹ is responsible for undertaking an annual review to evaluate the position against the commitments set out in the Council’s Local Code of Corporate Governance, the effectiveness of governance arrangements and to ensure continuing compliance with best practice.

Where appropriate, action plans will be produced to ensure any significant weaknesses identified are addressed and there is continuous improvement in the system of corporate governance.

Findings and recommendations from this exercise will be reported via the Corporate Governance Board². This will be used to inform the production of the Annual Governance Statement, with significant issues reported publicly through this process.

4.3 Report publicly on compliance with governance arrangements in the Annual Governance Statement

The Authority will produce an Annual Governance Statement (AGS) in accordance with the Accounts and Audit (England) Regulations 2015. This will be published and will

¹ <https://www.hants.gov.uk/business/siap>

² The Corporate Governance Board provides a layer of assurance to the business, ensuring the organisation develops and implements an effective approach to Corporate Governance

accompany the council's Annual Statement of Accounts. It will state what arrangements the council has in place to ensure the effectiveness of its governance framework and how the council has followed its stated governance principles. It will also highlight any areas the council considers requiring significant improvement; and outline the actions planned to address them.

Governance, Audit and Finance Board will review the robustness of the AGS. The chief executive and the leader are required to sign off the AGS.

5. Risk management objectives

Risk management is the process by which risks are identified, evaluated and controlled and is a key element of the council's governance framework.

The council will operate an effective system of risk management which will seek to ensure that risks which might prevent the council achieving its plans are identified and managed on a timely basis in a proportionate manner. In practice this means that the council has taken steps to ensure that risks do not prevent the council achieving its corporate priorities or objectives.

6. Risk management principles

- I. The risk management process should be consistent across the council. The process should also be clear and straightforward and result in timely information that helps informed decision making.
- II. Risk management should operate within a culture of transparency and openness, where risk identification is encouraged. Risks are escalated where necessary to the level of management best placed to manage them effectively.
- III. Risk management arrangements should be dynamic, flexible and responsive to changes in the risk environment.
- IV. The response to risk should be mindful of risk level and the relationship between the cost of risk reduction and the benefit accruing; i.e. the concept of proportionality.
- V. Risk management should be embedded in everyday business processes.
- VI. Officers of the council should be aware of and operate the council's risk management approach where appropriate.
- VII. Councillors should be aware of the council's risk management approach and of the need for the decision-making process to be informed by robust risk assessment, with councillors being involved in the identification of risk on an annual basis.

7. Appetite for risk

As an organisation with limited resources, it is inappropriate for the council to seek to mitigate all of the risk it faces. The council therefore aims to manage risk in a manner

which is proportionate to the risk faced, based on the experience and expertise of its senior managers.

The council has defined the maximum level of residual risk which it is prepared to accept as a maximum risk score of 15 in line with the scoring matrix attached at **annex A** (for corporate priority risks).

8. Benefits of risk management

The benefits of active risk management should alert councillors and officers to the key risks which might prevent the achievement of the council's plans, in order that timely mitigation can be developed to either prevent the risks occurring or to manage them effectively if they do occur.

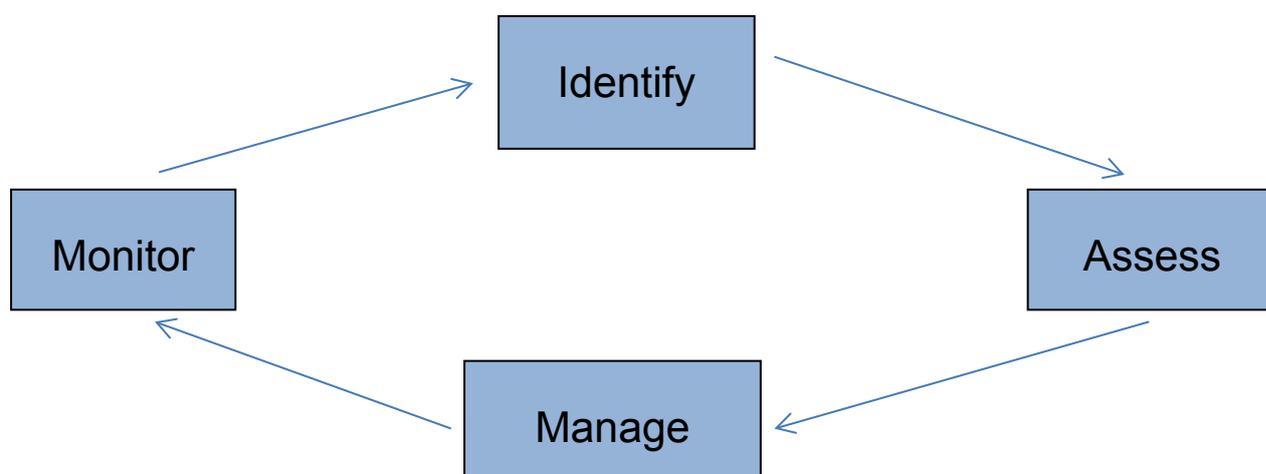
Risk management at the point of decision making should ensure that councillors and officers are fully aware of any key risk issues associated with proposals being considered.

Active risk management should lead to greater risk awareness and an improved and cost-effective control environment, which should mean fewer incidents and other control failures and better service outcomes. In addition, it will provide assurance to councillors and officers on the adequacy of arrangements for the conduct of business. It demonstrates openness and accountability to various regulatory bodies and stakeholders more widely.

Finally, active risk management allows the council to take informed decisions about exploiting opportunities and innovation, ensuring that we get the right balance between rewards and risks.

9. Risk management approach

The risk management approach adopted by the council is based on identifying, assessing, managing and monitoring risks at all levels across the council:



The detailed stages of the council's risk management approach are recorded in the Risk Management Framework. This framework or guide provides managers with detailed guidance on the application of the risk management process.

The guide can be located on the intranet.

Additionally, individual business processes, such as decision making and project management will provide guidance on the management of risk within those processes.

10. Responsibilities

Every member of staff and councillor has a responsibility to ensure their personal conduct and the organisation's governance arrangements are always of the highest standard possible.

Senior managers have a responsibility for reviewing governance standards in their areas of responsibility and for identifying and implementing any necessary improvement actions. Improvement actions should be reflected in the appropriate business plans.

The chief executive and leader will ensure that an annual review is completed of corporate governance arrangements and give assurances on their adequacy in the published Annual Governance Statement, accompanying the Statement of Accounts.

11. Awareness and development

The council recognises that the effectiveness of its risk management approach will be dependent upon the degree of knowledge of the approach and its application by officers and councillors.

The council is committed to ensuring that all councillors, staff and partners, where appropriate, have sufficient knowledge of the council's risk management approach to fulfil their responsibilities for managing risk. This will be delivered through a variety of methods for example formal training programmes, risk workshops, briefings and internal communication channels.

12. Communication

The Local Code of Corporate Governance and Annual Governance Statement will be reported publicly with a copy available on the authority's website.

13. Conclusion

The council will face risks to the achievement of its plans. The risk management approach detailed in this policy should ensure that the key risks faced are recognised and effective measures are taken to manage them in accordance with the defined risk appetite.

The Corporate Governance Board will ensure that the Local Code of Corporate Governance is reviewed regularly to reflect ongoing developments and planned

improvements to the framework; and authorise any amendments. Significant changes will be referred to the Executive Board for approval.

Annex A

The Table illustrates how risks are scored and the Council's risk appetite:

Impact	Very High	5	5	10	15	20	25
	High	4	4	8	12	16	20
	Medium	3	3	6	9	12	15
	Low	2	2	4	6	8	10
	Negligible	1	1	2	3	4	5
			1	2	3	4	5
			Very Rare	Unlikely	Possible	Likely	Very Likely
Likelihood							

Colour	Score	Detail
Red	16 and above	This is in excess of the council's risk appetite. Action is needed to redress, with regular monitoring. In exceptional circumstances residual risk in excess of the risk appetite can be approved if it is agreed that it is impractical or impossible to reduce the risk level below 16. Such risks should be escalated through the management reporting line to Corporate Governance Board.
Amber	5 to 15	Likely to cause the council some difficulties – regular monitoring is required through Heads of Service ensuring that appropriate mitigations are in place
Green	1 to 4	Low risk. Monitor as necessary

RISK APPETITE SCORE: 15