

**Public**  
**Key Decision – No**

## **HUNTINGDONSHIRE DISTRICT COUNCIL**

<b>Title:</b>	Local Government Association Governance Peer Challenge
<b>Meeting/Date:</b>	Cabinet – 16th April 2024 Corporate Governance Committee - 18th April 2024 Council – 22nd May 2024
<b>Executive Portfolio:</b>	Executive Councillor for Customer Services – Councillor S Ferguson
<b>Report by:</b>	Chief Executive
<b>Ward(s) affected:</b>	All

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### **Executive Summary:**

The Council invited the Local Government Association (LGA) to undertake an Audit Peer Challenge in March 2023. Peers made a number of recommendations during the review and an Action Plan was developed to address these points.

There is an expectation the LGA peer review team return to assess progress on recommendations within six months. Following appointment of the new Chief Executive and growing national interest in local government governance, audit and risk, the Council invited the peer review team to return to assess progress and provide independent advice on questions posed by the Corporate Government Committee and consider any new recommendations that should be implemented.

The peer team returned on the 28th of February 2024, having reviewed a number of documents prior to their arrival and whilst on site, gathered more information from twelve meetings; during which they met with twenty-seven people, which included a range of elected Members and Officers.

The peer team made five recommendations; the first concentrating on progress of the initial seventeen recommendations from the March 2023 visit, and the remaining four were new, having regard to wider corporate governance aspects. The body of the report also provides helpful insight and wider observations.

**Recommendation:**

The Cabinet/Committee is

**RECOMMENDED**

- (a) to receive the LGA Governance Peer Challenge report, Appendix 1, and note the recommendations; and
- (b) to note Appendix 2, which provides an update on progress against all the proposed recommendations.

The Committee

**RECOMMENDS**

- (a) that Council receive the LGA Governance Peer Challenge report, Appendix 1, and note the recommendations; and
- (b) that Council note Appendix 2, which provides an update on progress against all the proposed recommendations.

The Council is

**RECOMMENDED**

- (a) to receive the LGA Governance Peer Challenge report, Appendix 1, and note the recommendations; and
- (b) to note Appendix 2, which provides an update on progress against all the proposed recommendations.

## **1. PURPOSE OF THE REPORT**

- 1.1 To receive the LGA Governance Peer Challenge report, provide a timetable for the report to be received by the Corporate Governance Committee and Council and provide an update on progress against the recommendations since 28th February 2024.

## **2. WHY IS THIS REPORT NECESSARY**

- 2.1 There is a requirement to publish the LGA Governance Peer Challenge report within 12 weeks of receipt and the Council would do this in any event to promote transparency and good practice. The report may be found at Appendix 1 and the recommendations are set out within pages 6 and 7 of the report.
- 2.2 The report will be presented to the Corporate Governance Committee on 18th April 2024 and thereafter will oversee the progress against all recommendations. The report will also be presented to Council on 22nd May 2024.
- 2.3 The progress against recommendations table, found at Appendix 2, is presented alongside the report to demonstrate the improvements that have been made since 28th February 2024.
- 2.4 When the Corporate Peer Challenge is undertaken in May 2024, the team will be reviewing the progress of these recommendations.

## **3. ANALYSIS**

- 3.1 The peer team immediately recognised the cultural journey the Council has been on over the last couple of years and with the arrival of the new Chief Executive, who has a governance background, there has been an opportunity for a fresh perspective to drive improvement across the Council in line with the administration's priorities.
- 3.2 There was recognition that the Risk Management Strategy was approved in November 2023 and it is intended to use this information to inform the internal audit reviews.
- 3.3 There was a recognition that 9 of original 17 recommendations had been completed although some disappointment that more progress has not been made. There were an additional 4 recommendations identified that would help the organisation make progress with strengthening wider corporate governance.
- 3.4 The peer team provided helpful insight and suggestions which has enabled officers to reinvigorate progress against the remaining 8 outstanding recommendations. Appendix 2 provides the updates against those recommendations and also references the new recommendations.
- 3.5 One of the main issues raised by the peer team relates to the Council's internal capacity to deliver, particularly around risk and internal audit.

The s.151 Officer has identified where additional capacity can be utilised to support the risk management function and will be recruiting temporary support for an initial period of 9 months. Furthermore, as the annual audit plan is finalised, additional support will be obtained from BDO, who have also been commissioned to undertake the External Quality Assessment.

3.6 The s.151 Officer is also progressing capacity issues within the procurement function of the Council. Whilst this is not specifically referenced within any recommendations by the peer team, the issue was raised by the Corporate Governance Committee. Contract management and procurement can impact on wider governance of the Council and the progress being made demonstrates the commitment to ensuring good practice and prioritisation of functions.

3.7 There are a number of other factors to consider, including;

(i) The role of the Monitoring Officer and whether the Council's current arrangements provide the support, guidance and advice required in a local government sector that has changed in recent years, with a heightened focus on governance more broadly. The Chief Executive is currently reviewing existing staff structures to consider how to strengthen the capacity of the role of Monitoring Officer.

(ii) Review all governance, roles and responsibilities and working in a political environment training and development for officers as well as members – it was pleasing to be able to advise the peer team that we had a range of training planned (which commenced on Monday 8th April 2024) and this did include such training specifically for officers.

Noting the reference to broader governance, this should include the Constitution and it is proposed to create a Constitution Review Working Group at Annual Full Council in May 2024 that will report into the Corporate Governance Committee to support recommendations to Council on any proposed changes that will improve overall governance and clarity.

3.8 There are other smaller points that are not necessarily contained within the recommendations but provide useful insight that officers will consider and incorporate into delivery of services to ensure the Council delivers against the corporate objective of doing our core work well, delivering good quality, high value-for-money services with good control and compliance with statutory obligations.

#### **4. KEY IMPACTS**

4.1 The Council is required to demonstrate it operates with good governance and follows the standards published by CIPFA and it complies with Public Sector Internal Audit Standards. Where weaknesses in complying with

either of these are found, the Council has an obligation to respond to avoid challenge and intervention from DLUHC.

4.2 External audit relies upon the assurance provided by internal governance. If this is found to be lacking then it will be reflected through their audit opinion, resulting in loss of confidence in the Council's financial controls.

4.3 Cabinet, and Full Council, are reliant on the Corporate Governance Committee understanding and challenging the effectiveness of governance across the organisation; if the committee does not have the appropriate skills to undertake this then it is not providing valuable feedback.

## **5. WHAT ACTIONS WILL BE TAKEN**

5.1 The actions are set out in Appendix 2 and will be monitored by the Corporate Governance Committee.

## **6. LINK TO THE CORPORATE PLAN, STRATEGIC PRIORITIES AND/OR CORPORATE OBJECTIVES**

6.1 The recommendations and general insight the peer report highlights will assist in delivering against the corporate objective of doing our core work well, delivering good quality, high value-for-money services with good control and compliance with statutory obligations.

## **7. LEGAL IMPLICATIONS**

There are no direct legal implications arising from the receipt of the peer report but as this relates to broader corporate governance requirements, implementing the recommendations will be key to the Council acting in accordance with wider legislative obligations.

## **8. RESOURCE IMPLICATIONS**

8.1 The s.151 Officer has identified the additional resources required and has confirmed these may be met from existing budgets.

## **9. LIST OF APPENDICES INCLUDED**

Appendix 1 – LGA Governance Peer Review

Appendix 2 – Progress on Recommendations

## **10. BACKGROUND PAPERS**

None.

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