
NON-EXEMPT

EAST HAMPSHIRE DISTRICT COUNCIL

Standards Committee

8th December 2020

Governance update and initial response to the Independent Governance Review

For noting

Portfolio Holder: Cllr Richard Millard, Leader

Key Decision: No

Report Number: EHCL/058/2020

1. Purpose

1.1. This paper is submitted to Standards Committee for information.

2. Recommendation

2.1. Members are requested:

- a. to note the update on the current governance arrangements in place and the reporting mechanisms used to monitor compliance;
- b. to note the improvements made over the last three years to address long-standing governance issues;
- c. to note the initial organisational response to the matters raised during the Independent Governance Review; and
- d. to invite the Chief Executive to prepare a detailed action plan, in response to the final Independent Governance Review for consideration by the Standards Committee in early 2021.

3. Executive Summary

3.1. This report is submitted to Standards Committee to provide an update on the Council's governance arrangements and to detail the improvements made over the previous three years. The report also provides an initial organisational response to the issues raised during the recent Independent Governance Review.

- 3.2. The organisation has been aware of long-standing governance issues for some time and the new senior management team, appointed in January 2019, has made concerted efforts to address these by building on the work carried out in previous years. Steps have been taken to review the governance arrangements in place, implement best practice and strengthen governance in the organisation and this work is detailed in Appendix A.
- 3.3. In December 2019 a senior councillor, who was at that time a member of the Cabinet, made a number of serious allegations about poor governance and the conduct of officers. Due to the gravity of these allegations it was considered necessary to take action. As a result of this and as part of the ongoing programme of governance improvements underway at that time, the Leader and Chief Executive recognised the need for and commissioned an independent review by DJ Bowles & Associates in early 2020.
- 3.4. The allegations have been fully investigated by David Bowles and his conclusions are set out in detail in his report, he concluded that there was no evidence to support the allegations made.
- 3.5. As the Independent Governance Review has now been finalised it presents an opportunity to review our progress to date and to consider which areas could benefit from further improvement.
- 3.6. It is important to recognise that the organisation in recent years has taken steps to rectify and put in place remedies to a number of long-standing issues. A high-level summary of progress to date is included in the table below with further detail contained within the appendices.

Year	Progress
2017-18	<ul style="list-style-type: none"> • New Officer Boards were established to review and consider governance matters and consider progress on specific projects these were the Corporate Governance Board and the Strategic Projects Board
2018-19	<ul style="list-style-type: none"> • Review of our Capita contract commenced with Internal Audit providing scrutiny of our approach through targeted audits. • Strengthened Annual Governance Statement process with dedicated Governance resource agreed and an annual governance questionnaire

2019-20	<ul style="list-style-type: none"> • Splitting out of the former Governance, Audit & Scrutiny Committee to create three dedicated Committees on Audit, Scrutiny and Standards • Review of Constitution commenced in order to provide a fit for purpose document with greater clarity on governance arrangements of the organisation • Review of Corporate Strategy and supporting strategies • Review of codes of conduct commenced • Review of Portfolio Holder roles, particularly for Whitehill and Bordon, to ensure appropriate allocation of responsibilities between portfolio holders and officers
2020-21	<ul style="list-style-type: none"> • New Corporate Strategy approved alongside Welfare & Wellbeing Strategy, Climate Strategy and Digital Strategy providing greater strategic clarity to the organisation • Constitution work finalised and new Constitution approved • Decision making reviewed with new guidance produced on decision making and training given to officers • Principles of Transformation programme 'Shaping our Future' agreed with governance as a key workstream

3.7. Improvements in governance, in particular those that relate to cultural matters and behaviours, can take a number of years to fully embed within an organisation and therefore continual review will form a key part of governance improvements as the organisation progresses. Continual review will be conducted not only through existing mechanisms, such as the Annual Governance Statement, but also through a commissioned Peer Review by the Local Government Association which will take place in 2021-22.

4. Additional Budgetary Implications

4.1. None

5. Background and relationship to Corporate Strategy and/or Business Plans

5.1. East Hampshire District Council is committed to continuous improvement in governance arrangements as set out in the Local Code of Corporate Governance. This Code describes the arrangements in place to ensure that the Council conducts its business in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

- 5.2. The Council publishes an Annual Governance Statement each year which describes the corporate governance framework and assesses how well the Council's governance arrangements have been working.
- 5.3. The values which officers and members should abide by are set out in the Council's Corporate Strategy, adopted by full Council in September:
- Responsibility for our actions
 - Fairness and integrity in all we do
 - Responding to the needs of our community based on evidence
 - Respect and support for each other and our residents
 - Considering the future wellbeing of our area over short term expediency
- 5.4. The Council is committed to improving governance within the organisation and will address any recommendations that are made by the independent reviewer within the governance report.
- 5.5. Appendix 1 sets out the improvements to corporate governance that have been achieved in recent years as a result of a sustained programme of work. Appendix 2, addresses the emerging themes of the governance review and details the ongoing actions to be taken to rectify the remaining issues and ensure that the necessary improvements are made.
- 5.6. Progress made against the action plan will be reported in the Annual Governance Statement 2020-21 which will be published by the Council in summer 2021 and an update will also be provided to the Standards Committee in early 2021.

6. Resource Implications

6.1. Financial Implications

There are no financial implications associated with this report. The actions specified in the action plan are to be carried out within existing budgets.

6.2. Human Resources Implications

The appropriate level of resources will be allocated by the Chief Executive to ensure the implementation of the plan within agreed timescales

6.3. *Information Governance Implications*

There are no information governance implications associated with this report.

6.4. *Other resource implications*

Where other resources are required a business case will be developed and approved in accordance with normal procedures.

7. **Legal Implications**

- 7.1. The response and emerging action plan contained in the appendices reiterate the Council's commitment to ensure continuous improvement in the framework of internal control, which is designed to ensure that the Council complies with its statutory obligations.

Monitoring Officer comments

Date: 1 Dec 2020

Good corporate governance ensures that a positive culture and individual behaviours underpin the actions and business within the organisation which in turn leads to better decision making and more effective delivery of objectives. The Council has shown commitment to improving governance with a steady course in the previous two years and this report sets that out, and in conjunction with the Governance Review, the steps to take going forward to ensure further improvement.

8. **Risks**

- 8.1. There are no additional risks associated with this report.
- 8.2. The response and action plan contained in the appendices have been developed to mitigate the risks identified in the governance review carried out by DJ Bowles & Associates.

9. **Communication**

- 9.1. The response and action plan attached in the appendices will be shared with staff and councillors and published on the Council's website.

10. **Appendices**

- 10.1. Appendix 1: Officer response to the governance review carried out by DJ Bowles & Associates

10.2. Appendix 2: Governance action plan

Agreed and signed off by:

Portfolio Holder: Cllr R Millard 1st December 2020

Director: Gill Kneller 1st December 2020

Monitoring Officer: Dan Toohey 1st December 2020

Section 151 Officer: Lydia Morrison 1st December 2020

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