

Meeting: AUDIT COMMITTEE

Agenda Item:

Date: 17 March 2008

11

DELIVERING GOOD GOVERNANCE IN LOCAL GOVERNMENT: NEW CORPORATE GOVERNANCE FRAMEWORK

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1 PURPOSE

To update the Audit Committee on the preparation and development of the new Corporate Governance Framework in order to meet the new statutory requirement of producing an Annual Governance Statement in the Statement of Accounts.

2 RECOMMENDATIONS

The report be noted.

3 BACKGROUND

3.1 A report was submitted to the Audit Committee on 16 January 2008 regarding the new statutory requirements. That report supplied background information on the new requirements and the Committee agreed proposals to take matters forward. Members resolved to:-

- adopt the CIPFA/SOLACE Good Governance in Local Government Framework
- submit a local code of corporate governance to the March Audit Committee
- submit a local Framework to the March Audit Committee based on the CIPFA/SOLACE Framework.

3.2 The January report summarised what needed to be done:-

- review existing governance arrangement against the CIPFA/SOLACE model Framework
- develop and maintain an up to date local code of governance, including arrangements for ensuring its ongoing application and effectiveness

- prepare a governance statement for inclusion in the 2007/08 Statement of Accounts
- consider the extent to which the Council complies with the principles and requirements of good governance as set out in the model
- identify systems, processes and documentation that provide evidence of compliance
- identify the individuals and Committees responsible for monitoring and reviewing the systems, processes and documentation identified
- identify the issues that have not been adhered adequately in the Council and consider how they should be addressed
- identify the individuals who would be responsible for undertaking the actions required and plan accordingly.

3.3 A range of tasks are identified to meet the requirements including:-

		Lead Officer
1.	A self assessment to determine how far our current processes and documentation meet the suggested criteria for each principle.	HoL, HoF, HoPPP (All)
2.	An action plan to address any gaps following the self assessment	All
3.	A joint workshop to be arranged for members of the Audit and Standards Committees to discuss how the Council relates to each of the six principles.	HoL, HoF
4.	A review of best practice examples and case studies - 'not to reinvent the wheel'	HoL
5.	A workshop with some Heads of Service to agree compliance with assurance principles and how this is implemented across all services	All
6.	The introduction of a toolkit to assess and review the quality of partnerships so that we have a consistent and rigorous approach to partnership working	HoPPP
7.	The submission of a Local Code of Corporate Governance and also an update on developing a Local Framework	HoL, HoF
8.	The preparation of an Annual Governance Statement to be included in the annual Statement of Accounts.	HoF

3.4 Progress So Far

3.4.1 Two Workshops with a group of Heads of Service have taken place. These took the form of an objective self-assessment to gauge how the Council meets the six principles in its various services. Indicative scoring took place and brief comments made on any improvements required. Details are attached in Appendix A. An action plan is currently being produced covering these improvements. However, for assurance to Members, it will be seen that the vast majority of areas are already well covered and there are not any points without any supporting evidence.

3.4.2 A workshop for members of both the Audit and Standards Committee has been held. This self assessment asked how well the Council covers the six governance

principles and attempted to identify any areas that require improvement. The self assessment questions are attached in Appendix B. There was unanimous agreement that Stevenage performs well in most areas and has sound building blocks in place. However, a few points for improvements were:-

- governance arrangements with the Council's wide range of partners needs to be further developed
- member training should be more focused on an individual basis possibly based on self assessment
- possible officer support for the Scrutiny Function covering investigations etc.

3.4.3 A Local Code of Corporate Governance has been produced and is on this Committee's agenda for consideration and approval. In the governance local framework this is probably the most important element which brings everything together.

3.4.4 Partnership governance arrangements has been identified by both Members and Officers for improvement. A toolkit is currently being developed with the aim of it being applied to all partnerships involving the Council in financial arrangements. This will cover the vast majority of organisations who receive grants from the Council. This work will be included in the Action Plan within the Annual Governance Statement.

3.4.5 A workshop for Head of Service is being arranged to explain the new requirement that all Heads have to complete, certify and return an assurance statement of corporate responsibility.

3.4.6 The Annual Governance Statement will be presented for consideration to this Committee at a special meeting on 10 June. The unaudited Statement of Accounts including the Governance Statement will then be submitted to the Audit Committee on 24 June.

3.5 The main points in support of the six Governance principles are:-

3.5.1 Focusing on the Council's purpose and on outcomes for the community and creating and implementing a vision for the local area.

3.5.1.1 The function of governance is to ensure that with other local authorities and external partners, the Council fulfils its purpose and achieves priority outcomes for the public and service users and operates in an effective, efficient, economic and ethical manner. The Council must therefore develop and articulate a clear vision of its purpose and intended outcomes for the public and service users that is clearly communicated, both within the organisation and to external stakeholders.

The Council demonstrates this by:-

- exercising strategic leadership by developing and clearly communicating its purpose and vision and its intended outcomes for the general public and service users
- ensuring that users receive a high quality of service whether directly, or in partnership, or by commissioning

- ensuring that we make best use of resources and that taxpayers and service users receive excellent value for money.

3.5.2 Members and officers working together to achieve a common purpose with clearly defined functions and roles.

3.5.2.1 The Council demonstrates this by:-

- ensuring effective leadership throughout the Council and being clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny function
- ensuring that a constructive working relationship exists between Council member, officers and that the responsibilities of Council members and officers are carried out to a high standard
- ensuring relationships between the Council and the public are clear so that each knows what to expect of the other.

3.5.3 Promoting values for the Council and demonstrating the value of good governance through upholding high standards of conduct and behaviour.

3.5.3.1 Good governance flows from a shared ethos or culture, as well as from systems and standards. It cannot be reduced to a set of rules, or achieved fully by compliance with a set of requirements. This spirit or ethos of good governance can be expanded as values are demonstrated in behaviour.

Good governance builds on the seven principles for the conduct of people in public life that are established by the Committee on Standards in Public Life, known as the Nolan principles. In England, the Local Government Act 2000 outlined ten principles of conduct - an additional three to those identified by Nolan - for use in local authorities.

A hallmark of good governance is the development of shared values, which become part of the organisation's culture, underpinning policy and behaviour throughout the organisation, from the governing body to all staff. These are in addition to compliance with legal requirement on, for example, equal opportunities and anti-discrimination.

3.5.3.2 The Council demonstrates this by:-

- ensuring members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance
- ensuring that organisational values are put into practice and are effective.

3.5.4 Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.

3.5.4.1 The Council demonstrates this by:

- being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny
- having good quality information, advice and support to ensure that services

- are delivered effectively and are what the local community wants/needs
- ensuring that an effective risk management register is in place
- using the Council's legal powers to the full benefit of the public and communities in their area.

3.5.5 Developing the capacity and capability of members and officers to be effective.

3.5.5.1 The Council demonstrates this by:-

- making sure that members and officers have the skills, knowledge, experience and resources they need to perform well in their roles
- developing the capability of people with governance responsibilities and evaluating their performance, as individuals or as a group
- encouraging new talent for membership of the Council so that best use can be made of individual's skills and resources in balancing continuity and renewal.

3.5.6 Engaging with local people and other stakeholders to ensure robust public accountability.

3.5.6.1 The Council demonstrates this by:-

- ensuring robust public accountability, exercising leadership through a robust scrutiny function which effectively engages local people and all local stakeholders, including partnerships, and develops constructive accountability relationships
- taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the Council, in partnership or by commissioning
- making best use of human resources by taking an active and planned approach to meet responsibility to staff.

3.6 Annual Governance Review and Reporting

3.6.1 Local authorities are responsible for ensuring that their business is conducted in accordance with the law and proper standards, also that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The development of a Local Code of Corporate Governance, consistent with the principles and requirements of the new Framework, will help to ensure that proper arrangements are in place to meet that responsibility.

3.6.2 Councils should undertake regular, at least annual, review of their governance arrangements to ensure continuing compliance with best practice as set out in the Framework. It is important that such reviews are reported on both within the Council, to the Audit Committee and externally with the published accounts.

The Council demonstrates this by:--

- Governance arrangements are adequate and operating effectively in practice; and

- where reviews of governance arrangements have revealed gaps, action is planned that will ensure effective governance in future

3.6.3 The process of preparing the Governance Statement will itself add value to the Corporate Governance and Internal Control Framework of the Council.

4 REASONS FOR RECOMMENDED COURSE OF ACTIONS AND OTHER OPTIONS

The CIPFA/SOLACE Framework includes guidance on how to achieve and demonstrate Good Governance in the context of the six principles which need to be embraced.

5 IMPLICATIONS

5.1 Financial Implications

5.1.1 None arising directly from this report.

5.1.2 Good governance enables the Council to pursue its vision and corporate objectives effectively as well as underpinning these with mechanisms for the control and management of risk.

5.2 Legal Implications

5.2.1 It is a requirement for the Council from 2007/08 to publish an Annual Governance Statement as part of its Statement of Accounts.

5.3 Other Implications

None.

BACKGROUND PAPERS

CIPFA/SOLACE Document - Delivering Good Governance in Local Government

APPENDICES

Appendix A - Governance Principles Into Practice
Appendix B - Corporate Governance Framework