

TEESDALE DISTRICT COUNCIL

Report To: **AUDIT AND GOVERNANCE COMMITTEE**  
29 September 2008

From: **Chief Governance Officer**

Subject: **ANNUAL GOVERNANCE STATEMENT 2007/08**  
**SIGNIFICANT GOVERNANCE ISSUES**

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**1.0 SUMMARY**

1.1 The Council's initial Annual Governance Statement (AGS) was considered by this committee on 2 June 2008 and approved by Council on 16 June. The AGS highlighted a number of governance issues which were considered to be of particular strategic significance, which needed to be addressed over the next year. A date of September 2008 was put on each issue for a report back on action taken or to be taken. A progress report was submitted to the July meeting of this committee.

**2.0 RECOMMENDATIONS**

**2.1 It is recommended that the action taken, or to be taken, in respect of the significant governance issues identified in the initial Annual Governance Statement be noted.**

**3.0 LINK TO CORPORATE KEY PRIORITIES/AMBITIONS**

3.1 **Priority:** Effective corporate governance arrangements support the delivery of all of the Council's corporate priorities.

3.2 **Ambition:** To be a local authority which operates on the basis of sound decision making supported by effective and transparent processes.

3.3 **Outcome:** Improved performance, better local services and stronger community leadership.

**4.0 BACKGROUND**

4.1 With effect from the financial year 2007/08, local authorities are required to prepare an Annual Governance Statement as part of the annual Statement of Accounts. The principal purpose of the AGS is to provide assurance that the organisation's governance framework is adequate and effective. The AGS is a public report which is intended to demonstrate the extent to which the Council complies with its own code of corporate governance on an annual basis, including how the

effectiveness of the governance arrangements have been monitored, and any planned actions in the coming period.

## **5.0 SIGNIFICANT GOVERNANCE ISSUES**

- 5.1 The Annual Governance Statement highlighted the most significant issue for the Council during 2008/09 as being the move towards the establishment of unitary local government in County Durham and the abolition of the two tier system of County and District Councils. This continues to be the principal challenge for the Council and the risks associated with local government reorganisation are regularly reviewed by the Executive Committee and Corporate Management Team.
- 5.2 In addition to local government reorganisation, a number of significant governance issues were identified during the initial preparation of the AGS, all of which were also highlighted in the Audit Commission Comprehensive Performance Assessment report on the Council, issued in June 2008.
- 5.3 The Council has asked that the Corporate Management Team monitors progress of these significant governance issues. A date of September 2008 was set for a report back on action taken, or to be taken, during the course of this year. A schedule of the current position with each of the issues is attached as an appendix.
- 5.4 It should be noted that any action taken, or to be taken, should be set against the background of the Council's agreed transition plan, originally approved in February 2008, and subsequently revisited on a number of occasions, whereby commitments and expectations are liable to require re-examining to enable the Council's limited, and reducing, staff resources to be prioritised towards preparation for local government reorganisation whilst ensuring, wherever possible, that normal service delivery is maintained. This will have the effect of reducing action taken in some areas of Council activity.

## **6.0 STATUTORY CONSIDERATIONS**

- 6.1 Financial Implications: None
- 6.2 Risk:

<b>Risk</b>	<b>Category</b>	<b>Implications</b>
Council does not ensure that effective and transparent governance arrangements are in place, and an Annual Governance Statement prepared which is compliant with the Accounts and Audit Regulations, and subsequently reviewed on a regular basis.	Reputation Financial Legal	Adverse criticism, increased inspection time and likely poor performance assessment from Audit Commission and Government. Low level of public esteem.

- 6.3 Equality and Diversity: Good governance arrangements are necessary to ensure that the Council complies with statutory equality and diversity requirements.
- 6.4 Human Resources: None significant
- 6.5 Community Safety: None directly, although the statement at 6.3 above may also be appropriate here.
- 6.6 Legal Issues: Compliance with the Corporate Governance Framework is a legal requirement.

**Background papers:**

Delivering Good Governance in Local Authorities: Framework and Guidance Note (CIPFA/SOLACE: 2007).

Annual Governance Statement 2007/08: Reports to Council, 16 June 2008; Audit & Governance Committee, 28 July 2008.

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