



Chester-le-Street
District Council

Report to: Full Council

Date of Meeting: 28th February 2008

Report from: Risk and Financial Services Manager

Title of Report: New Local Code of Corporate Governance

Agenda Item Number:

1. PURPOSE AND SUMMARY

- 1.1 This report seeks approval of Council to the proposed New Local Code of Corporate Governance which has been developed in response to the new Cipfa/Solace governance framework.

2. CONSULTATION

- 2.1 Chief Officers and Corporate Governance Steering Group members have been consulted on the contents of the report, and the Audit Committee considered a report at their meeting held on 17 January 2008 which included the draft copy of the Local Code of Governance.

3. CORPORATE PLAN AND PRIORITIES

- 3.1 Good corporate governance arrangements enable the authority to pursue its vision, as well as underpinning that vision with mechanisms for control and management of risk. Sound governance forms part of the corporate assessment under CPA and key lines of enquiry within Use of Resources. It further provides evidence for the Authorities direction of travel.

4. IMPLICATIONS

4.1 Financial Implications and Value for Money

There are no specific financial implications arising from the contents of the report. However, the Corporate Governance Framework's principles include 'ensuring that the authority makes best use of resources and that tax payers and service users receive excellent value for money.'

4.2 Local Government Reorganisation Implications

Whilst there are no direct implications to Local Government Reorganisation from the report, the new Cipfa/Solace governance framework will also apply to the new Unitary Authority.

4.3 Legal

There are no direct legal implications from the report, although the framework does include the requirement that authorities use their legal powers to the full benefit of the citizens and communities in their area, and to recognise the limits of lawful activity placed on them.

4.4 Personnel

The framework includes the core principle of 'developing the capacity and capability of members and officers to be effective' and the requirement to ensure that career structures are in place for members and officers to encourage participation and development.

4.5 Other Services

All service areas will be involved in reviewing compliance with the code on an annual basis. All managers are required to produce annual assurance statements to support the Annual Governance Statement (AGS), formerly the Statement of Internal Control.

4.6 Diversity

The framework includes the requirement to ensure that effective arrangements are in place designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the authority.

4.7 Risk

The framework includes the core principle of 'taking informed and transparent decisions which are subject to effective scrutiny and managing risk,' with specific requirement to ensure that an effective risk management system is in place.

4.8 Crime and Disorder

There are no crime and disorder implications arising from the report.

4.9 Data Quality

Every care has been taken in the development of this report to ensure that the information and data used in its preparation are accurate, timely, consistent and comprehensive. The Council's Data Quality Policy has been complied with in producing this report.

4.10 Other Implications

There are no other implications arising from the contents of the report.

5. BACKGROUND, AND NEW GOVERNANCE FRAMEWORK

- 5.1 The new CIPFA/SOLACE framework 'Delivering Good Governance in Local Government' sets out best practice for developing and maintaining a local code of governance and for discharging accountability for the proper code of public business, through the publication of an annual governance statement that will make the adopted practice open and explicit.

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, and 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.

Cipfa/Solcace Framework-'Delivering Good Governance in Local Government'

- 5.2 The new framework defines the principles that should underpin the governance of each local government body. It provides a structure to help individual authorities with their own approach to governance.

Authorities are encouraged to test their structures against the principles contained in the framework by:-

- Reviewing their existing governance arrangements against this framework;
- Developing and maintaining an up to date local code of governance, including arrangements for ensuring its ongoing application and effectiveness;
- Preparing a governance statement in order to report publicly on the extent to which they comply with their own code on an annual basis, including how they have monitored the effectiveness of their governance arrangements in the year, and on any planned changes in the coming period.

- 5.3 The preparation and publication of an annual governance statement in accordance with the framework is necessary to meet the statutory requirements set out in the Accounts and Audit (Amendment) (England) Regulations 2006 for authorities to prepare a statement of internal control in accordance with 'proper practices'.

- 5.4 In order to review current arrangements, it was necessary to:-

- consider the extent to which the authority complies with the principles and requirements of good governance set out in the framework;
- 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 addressed adequately in the authority and consider how they should be addressed;
- identify the individuals who would be responsible for undertaking the actions required and plan accordingly.

5.5 The framework defines six core principles of good governance:-

Principle A	Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.
Principle B	Members and officers working together to achieve a common purpose with clearly defined functions and roles.
Principle C	Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
Principle D	Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
Principle E	Developing the capacity and capability of members and officers to be effective.
Principle F	Engaging with local people and other stakeholders to ensure robust public accountability.

5.6 The six core principles have a series of supporting principles, each of which translates into a range of specific requirements that should be reflected in authorities' local codes.

6.0 EMBEDDING NEW ARRANGEMENTS

6.1 The Corporate Governance Steering Group has reviewed the Council's current governance arrangements against the new CIPFA/SOLACE Framework in accordance with recommended practice.

6.2 Whilst the review found that the Council's arrangements for corporate governance were essentially sound, there were areas for improvement and development identified by the Group and an action plan to address this was developed.

Key actions have included:

- (i) A report to Audit Committee regarding the adoption of the process for preparation of the Annual Governance Statement (AGS) for 2007-08
- (ii) Integration of Corporate Governance monitoring arrangements into the quarterly performance management framework
- (iii) The preparation of a New Local Code of Corporate Governance for approval by Full Council

7. THE NEW LOCAL CODE OF GOVERNANCE

- 7.1 The New Local Code of Governance is attached for Members approval at Appendix (1).

The Local Code is based on the recommended framework and clearly sets out:

- The Councils commitment to good governance
- Roles and responsibilities
- The six core principles (and supporting principles)
- Attributes of an effective governance framework
- Sources of assurance
- Annual review and reporting arrangements

The framework for the preparation of the Annual Governance Statement (AGS) is set out in Appendix (2) The AGS will be presented to Council for approval with the Annual Statement of Accounts.

8. RECOMMENDATIONS

- 8.1 The Council is recommended to:-

- (i) Approve and adopt the New Local Code of Corporate Governance attached at Appendix (1)
- (ii) Approve the process of producing the Annual Governance Statement through the Corporate Governance Steering Group

Background Papers

- Delivering Good Governance in Local Government Framework
- Delivering Good Governance in Local Government – Guidance Note for English Authorities

AUTHOR NAME: Jim Elder
DESIGNATION: Risk and Financial Services Manager
DATE OF REPORT 19 February 2008
VERSION NUMBER: 2.0

AUTHOR CONTACT: E-mail – jimelder@chester-le-street.gov.uk
Telephone - 0191 3872377

This page is intentionally left blank