



Chester-le-Street District Council

Report to: Full Council

Date of Meeting: 19th March 2009

Report from: Acting Head of Resources
– on behalf of Corporate Governance
Steering Group

Title of Report: Member Approval of Annual
Governance Statement

Agenda Item Number:

1. PURPOSE AND SUMMARY

- 1.1 This report seeks approval of Council to the Annual Governance Statement (AGS) for 2008-09 in accordance with our Local Code of Corporate Governance.

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 this report and the Annual Governance Statement at their meeting held on 12 March 2009.

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, all outgoing Authorities are required to approve an Annual Governance Statement for 2008-09 prior to 31 March 2009.

4.3 Legal

The production of the Annual Governance Statement is a specific legal requirement. Whilst there are no direct legal implications arising from the report, 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 governance 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 have been involved in reviewing compliance with the code on an annual basis. All managers are required to produce annual assurance statements to support the AGS.

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 GOVERNANCE FRAMEWORK

- 5.1 The CIPFA/SOLACE framework 'Delivering Good Governance in Local Government' set 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 Council adopted the new framework and its core principles with approval of a New Local Code of Governance at the meeting held on 28 February 2008.

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

- Reviewing their existing governance arrangements against this framework;
- Obtaining signed Managers Assurance Statements regarding the application of the governance framework in their service;
- 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:-

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| 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, providing a checklist.

6.0 THE ANNUAL REVIEW FOR 2008-09

6.1 The Corporate Governance Steering Group has reviewed the Council's current governance arrangements against the CIPFA/SOLACE framework and local code, in accordance with recommended practice, and sets out the Council's 2008-09 Annual Governance Statement in the attached Appendix.

6.2 Whilst the review found that the Council's arrangements for corporate governance were essentially sound, there were some areas for improvement and development identified, and an action plan to address this will be developed through the new unitary authority. There were no significant weaknesses to report to members.

7. RECOMMENDATIONS

7.1 The Council is recommended to approve the Annual Governance Statement for 2008-09.

Background Papers

- Local Code of Governance
- Delivering Good Governance in Local Government Framework (Cipfa/Solace)
- Delivering Good Governance in Local Government – Guidance Note for English Authorities (Cipfa/Solace)

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