



Chester-le-Street
District Council

Report to: Executive

Date of Meeting: 7th January 2008

Report from: Acting Head of Resources Directorate

Title of Report: Update on review of Corporate Governance Framework

Agenda Item Number:

1. PURPOSE AND SUMMARY

- 1.1 This report provides Executive with an update on the progress on the Action Plan to improve the Council's governance arrangements and confirms that the Corporate Governance Steering Group is responsible for on-going monitoring and reviewing of progress.

2. CONSULTATION

- 2.1 Chief Officers and Corporate Governance Steering Group members have been consulted on the contents of the report.

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.

4. IMPLICATIONS

4.1 Financial Implications and Value for Money

There are no specific financial implications arising from the contents of the report.

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 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.

4.3 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.

4.4 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 (formerly the Statement of Internal Control).

4.5 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.

4.6 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.

4.7 Crime and Disorder

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

4.8 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.

4.9 Other Implications

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

5. BACKGROUND, POSITION STATEMENT AND OPTION APPRAISAL

5.1 The 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.

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.

- 5.2 The 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 is 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.

5.7 The Corporate Governance Steering Group, which comprises the Assistant Chief Executive, the Head of Legal and Democratic Services, the Head of Internal Audit, the Risk and Financial Services Manager and (at that time) Director of Resources, has reviewed the Council's current governance arrangements against the new CIPFA/SOLACE Framework in October 2007.

5.8 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. The Action Plan is attached as Appendix 1.

6. RECOMMENDATIONS

6.1 The Executive is recommended to:-

- (i) Note the progress on the Action Plan to ensure the Council meets the requirements of the new governance framework; and
- (ii) Confirm that the Corporate Governance Steering Group should be responsible for the on-going development, implementation and monitoring of the detailed action plan.

Background Papers

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

AUTHOR NAME: Jacqueline McConnell
DESIGNATION: Head of Internal Audit
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AUTHOR CONTACT: E-mail – jacquelinemcconnell@chester-le-street.gov.uk
Telephone - 0191 3872358

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