

## Delivering Good Governance in Local Government - Adoption of The 2012 Addendum and Update of the Local Code

**EXECUTIVE MEMBER:** Elaine Woodburn - Leader  
**LEAD OFFICER:** Paul Walker - Chief Executive  
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### **SUMMARY AND RECOMMENDATION**

Good governance leads to good management, good performance, good stewardship of public money, good public engagement and, ultimately, good outcomes for citizens and service users. Good governance enables an authority to pursue its vision effectively as well as underpinning that vision with mechanisms for control and management of risk. All authorities should aim to meet the standards of the best and governance arrangements should not only be sound but also be seen to be sound.

Following extensive research and consultation, the SOLACE/ CIPFA Joint Working Group issued Delivering Good Governance in Local Government: Framework and an accompanying guidance note in 2007. The principles and standards set out in the Framework are aimed at helping local authorities to develop and maintain their own codes of governance and discharge their accountability for the proper conduct of business

To ensure the Framework remains fit for purpose, the SOLACE /CIPFA Joint Working Group has reviewed the Framework and has issued a 2012 addendum.

This report sets out the changes to the framework delivering good governance in local government arising from the work of SOLACE and CIPFA, updates Copeland Borough Council's local code in accordance with this, and sets out the process for the annual review and production of the Annual Governance Statement 2012/13.

#### **Recommendations:-**

- Executive agrees to the adoption of the Delivering Good Governance in Local Government Framework and the changes set out in the 2012 Addendum.
- Executive agrees the updated local code as attached at Appendix 1
- Executive notes the timetable for the assessment our annual review against the code and the production and audit of the Annual Governance Statement.

## **1. INTRODUCTION**

- 1.1. 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, 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.
- 1.2. Each local government body operates through a governance framework which brings together an underlying set of legislative requirements, governance principles and management processes.
- 1.3. Following extensive research and consultation, the SOLACE/ CIPFA Joint Working Group issued Delivering Good Governance in Local Government: Framework and an accompanying guidance note in 2007. The principles and standards set out in the Framework are aimed at helping local authorities to develop and maintain their own codes of governance and discharge their accountability for the proper conduct of business.
- 1.4. Copeland Borough Council adopted this approach and devised its own local code which was agreed in 2008.
- 1.5. The Framework emphasises the importance of good governance to the wider outcomes of good management, good performance, and good public engagement. It puts high standards of conduct and leadership at the heart of good governance, placing responsibility on members and officers to demonstrate leadership by behaving in ways that exemplify high standards of conduct, and so set the tone for the rest of the organisation.
- 1.6. To ensure the Framework remains fit for purpose, the CIPFA/SOLACE Joint Working Group has reviewed the Framework and has issued an addendum.
- 1.7. Delivering Good Governance in Local Government: Framework has been given 'proper practices' status by the Department for Communities and Local Government in respect of the Regulation 4(3) of the Accounts and Audit Regulations 2011, which requires all relevant bodies to prepare an annual governance statement which must accompany the statement of accounts.
- 1.8. Delivering Good Governance in Local Government: Framework urges local authorities to prepare a governance statement in order to report publicly on the extent to which they comply with their own code of governance on an annual basis, including how they have monitored and evaluated the effectiveness of their governance arrangements in the year, and on any planned changes in the coming period.
- 1.9. The process of preparing the governance statement should itself add value to the effectiveness of the corporate governance and internal control framework.

- 1.10. The annual governance statement should provide a brief communication regarding the review of governance that has taken place and the role of the governance structures involved (such as the authority and the audit and other committees). It should be high level, strategic and written in an open and readable style. It should be focused on outcomes and value for money and relate to the authority's vision for the area.
- 1.11. As a matter of best practice, the annual governance statement should normally be approved at the same time as, and certainly no later than, the statement of accounts.
- 1.12. Approval and ownership of the governance framework and annual statement should be at a corporate level and should be confirmed by the most senior officer (chief executive or equivalent) and the most senior member (leader or equivalent) signing the statement on behalf of the authority.
- 1.13. The preparation and publication of an annual governance statement in accordance with Delivering Good Governance in Local Government: Framework fulfils the statutory requirement in England for a local authority to conduct a review at least once in each financial year of the effectiveness of its system of internal control and to include a statement reporting on the review with its statement of accounts. This requirement is reflected in the Code of Practice on Local Authority Accounting in the United Kingdom (CIPFA/LASAAC).

## **2. UPDATED LOCAL CODE**

- 2.1. The local code needs to be updated to reflect the additional guidance. This new code will then provide the framework for the annual review conducted by the Chief executive and signed by which will result in the AGS for Audit and Governance Committee .
- 2.2. The 2007 Local Code attached at Appendix 1 has been updated to reflect the 2012 guidance. Key elements of the systems and processes that comprise an authority's governance now include arrangements for:
  - identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users
  - reviewing the authority's vision and its implications for the authority's governance arrangements
  - translating the vision into objectives for the authority and its partnerships
  - measuring the quality of services for users, for ensuring they are delivered in accordance with the authority's objectives and for ensuring that they represent the best use of resources and value for money

- defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnership arrangements
- developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff
- reviewing the effectiveness of the authority's decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality
- reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability
- ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained
- ensuring effective management of change and transformation
- ensuring the authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) and, where they do not, explain why and how they deliver the same impact
- ensuring the authority's assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and, where they do not, explain why and how they deliver the same impact
- ensuring effective arrangements are in place for the discharge of the monitoring officer function
- ensuring effective arrangements are in place for the discharge of the head of paid service function
- undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committees: Practical Guidance for Local Authorities
- ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful
- whistleblowing and for receiving and investigating complaints from the public
- identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training
- establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation
- enhancing the accountability for service delivery and effectiveness of other public service providers
- incorporating good governance arrangements in respect of partnerships and other joint working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements.

### 3. KEY CHANGES

- 3.1. The main change relates to the list of key elements that comprise the governance framework: 11/12 had 13 key areas whereas 12/13 requires 21. There are also some changes to wording of the existing 13. The main changes are summarized below.

<b>New areas include</b>	<b>Changes also in</b>	<b>Suggested Local Deletion</b>
Counter fraud and anti corruption arrangements;	Decision making in partnerships	Reference to maintaining IIP is deleted from the local code as this is no longer the council's intention
Effective management of change/transformation;	Robustness of data quality	
Compliance with CIPFA statement on role of Head of IA;		
Discharge of Monitoring Officer function;		
Discharge of Head of Paid Service function;		
Enhancing accountability for service delivery/effectiveness of other public service providers		

### 4. TIMETABLE ANNUAL REVIEW

- 4.1. As a matter of best practice, the annual governance statement should normally be approved at the same time as, and certainly no later than, the statement of accounts. Accordingly the table below sets out the main steps for the revision of the local code and the annual self-assessment review.

May 28th	Executive Approve the Amended Local Code
3 <sup>rd</sup> June	Annual Governance review and production of the Annual Governance Statement (AGS) – has commenced by CLT at its meeting in April with a deadline of 3 <sup>rd</sup> June 2013.  Approval of the annual governance statement by chief executive and the leader signing the statement on behalf of the authority.
10 <sup>th</sup> June	Internal Audit Complete their independent review the completed AGS
26 <sup>th</sup> June	Audit and Governance Committee receive and review

	the AGS at the same meeting it receives and reviews the statement of accounts.
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## **5. STATUTORY OFFICERS COMMENTS**

- 5.1. The Monitoring Officer's comments are: Revised Code reflects new guidance on corporate governance.
- 5.2. The Section 151 Officer's comments are: The code is an integral part of the way the council seeks to provide good governance and good management, good performance, good stewardship of public money, good public engagement and, ultimately, good outcomes for citizens and service users. The revision of the code may itself result in the need to refocus and reprioritise the councils available resources and any such changes will need to follow the approach set out in the code and its supporting financial regulations.
- 5.3. EIA Comment: Adoption of the addendum and updated Local Code to support good governance is an opportunity to further strengthen and enhance the Council's compliance with the Equality Act 2010 Public Sector Equality Duty.
- 5.4. Policy Framework comments: Adoption of the addendum and updated Local Code will support effective good governance and therefore overall implementation of the Corporal Plan and Policy Framework

## **6. HOW WILL THE PROPOSALS BE PROJECT MANAGED AND HOW ARE THE RISKS GOING TO BE MANAGED?**

- 6.1. The Council has established the Executive, designated a Leader and appointed a Chief executive and Audit and Governance Committee to oversee the approval and ownership of the governance framework and annual statement.

## **7. WHAT MEASURABLE OUTCOMES OR OUTPUTS WILL ARISE FROM THIS REPORT?**

- 7.1. Good governance leads to good management, good performance, good stewardship of public money, good public engagement and, ultimately, good outcomes for citizens and service users. Good governance enables an authority to pursue its vision effectively as well as underpinning that vision with mechanisms for control and management of risk. All authorities should aim to meet the standards of the best and governance arrangements should not only be sound but also be seen to be sound.

**Consultees:** CLT

**Appendix 1 – Copeland Borough Council Delivering Good Governance In Local Government  
Local Code 2013 – To Follow**

**Background Papers**

SOLACE/CIPFA - DELIVERING GOOD GOVERNANCE IN LOCAL GOVERNMENT: FRAMEWORK 2007  
SOLACE/CIPFA - DELIVERING GOOD GOVERNANCE IN LOCAL GOVERNMENT: FRAMEWORK –  
ADDENDUM 2012