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| REPORT TO THE EXECUTIVE | | Report No. 18 |
| Date of Meeting | 13 th March 2008 | |
| Title of Report | Delivering Good Governance in Local Government | |
| Portfolio | Resources & Democracy | |
| Link to Corporate Priorities | Effective corporate governance underpins all the Council's priorities | |
| Key Decision | No | |
| Executive Workplan Ref | N/A | |
| Public Report | Yes | |

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| <p>Summary of Report</p> <p>To set out for consideration and adoption a revised Local Code of Corporate Governance to ensure that Council complies with best practice in relation to issues of governance.</p> |
| <p>Officer Recommendations</p> <p>That the Executive:</p> <ol style="list-style-type: none"> 1. Approves and adopts a revised “Local Code of Corporate Governance” and the arrangements for monitoring compliance with the Code as set out in the report. 2. Delegates authority to the Chief Executive to assign responsibility to a named Officer for: <ol style="list-style-type: none"> i) Overseeing the implementation and monitoring of the operation of the Code; and ii) Submitting an annual report to the Executive and Overview & Scrutiny Committee on compliance with the Code. |

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| Other than those implications agreed with the relevant Officers and referred to below, there are no other implications associated with this report. | | | | |
| Financial Implications | Legal Implications | Community & Environmental Implications | Human Resources Implications | Equality & Diversity Implications |
| None | Yes | None | None | None |

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1. Introduction

- 1.1 This report sets out for consideration and adoption a revised Local Code of Corporate Governance to ensure that Council complies with best practice in relation to issues of governance.

2. Options and Options Appraisal

- 2.1 Option 1: To prepare and adopt an updated Local Code of Corporate Governance.
- 2.2 Option 2: Not to prepare and adopt an updated Local Code of Corporate Governance.

3. Background Information

- 3.1 The Council first formally adopted a Local Code of Corporate Governance on 25th January 2005.

What is governance?

- 3.2 Simply stated 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. In particular sound governance arrangements and accountability are critical if Councils and connected partnerships are to fulfil their purpose and deliver the intended outcomes for citizens and service users and operate in an efficient, effective and ethical manner.

Changes since 2002

- 3.3 Since the framework was first published in 2002 local government has been subject to continuous reform designed to improve local accountability. Cipfa/Solace have undertaken a review of the original framework requirements and produced new guidance for local authorities which better reflects today's circumstances.
- 3.4 The publication of an annual governance statement in accordance with the revised framework will be necessary in order to meet the new statutory requirement set out in Regulation 4(2) of the Accounts and Audit (Amended) (England) Regulations 2006. This requires local authorities to prepare a "Statement of Internal Control" in accordance with "proper practices".

Role of Local Government

- 3.5 In carrying out the review of the framework Cipfa/Solace identified four key roles for local government. These are as follows:-

1. To engage in effective partnerships and provide leadership for and with the community

Partnerships are a key component for public service provision and authorities have a major role to play in leading partnership working.

Authorities are able to provide leadership to their communities through their ability to act in an advocacy role and to promote the economic, social and environmental well-being of their area.

2. To ensure the delivery of high-quality local services whether directly or in partnership or by commissioning.

Authorities are responsible for ensuring the delivery of high quality services to their communities. Some authorities provide most of their services on an in-house basis. Others provide some services in-house and employ private sector contractors to provide others. Some act as 'governance bodies' and are responsible for ensuring the efficient and effective provision of the service by other providers. Authorities also enter into contracts with voluntary bodies and enter into shared or agency arrangements with other authorities.

3. To perform a stewardship role which protects the interests of local people and makes the best use of resources.

Each authority is accountable to tax payers for its stewardship and use of resources. It should provide excellent value for money and make the best use of the resources available to it as well as protecting the interests of local people.

4. To develop citizenship and local democracy.

Authorities have a key role to play in working with others to build a strong sense of community and in encouraging individual citizens to play a full and constructive part of the lives and development of their communities. Authorities are democratically accountable to their communities.

Principles of Good Governance

- 3.6 The Independent Commission on Good Governance in Public Services in a report published in 2004 set out six core principles which have been adapted for local government purposes and it is recommended that these principles should be reflected in a local authority's Code of Corporate Governance.

The principles are:-

1. Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area

- Exercising strategic leadership by developing and clearly communicating the authority's purpose and vision and its intended outcomes for citizens and service users
- Ensuring that users receive a high quality of service whether directly, or in partnership, or by commissioning
- Ensuring that the authority makes best use of resources and that tax payers and service users receive excellent value for money

2. Members and officers working together to achieve a common purpose with clearly defined functions and roles

- Ensuring effective leadership throughout the authority and being clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny function
- Ensuring that a constructive working relationship exists between authority members and officers and that the responsibilities of authority members and officers are carried out to a high standard
- Ensuring relationships between the authority and the public are clear so that each knows what to expect of the other

3. Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

- Ensuring authority members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance
- Ensuring that organizational values are put into practice and are effective

4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

- Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny
- Having good-quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs
- Ensuring that an effective risk management system is in place
- Using their legal powers to the full benefit of the citizens and communities in their area

5. Developing the capacity and capability of members and officers to be effective

- Making sure that members and officers have the skills, knowledge, experience and resources they need to perform well in their roles
- Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group
- Encouraging new talent for membership of the authority so that best use can be made of individuals' skills and resources in balancing continuity and renewal

6. Engaging with local people and other stakeholders to ensure robust public accountability

- Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships

- Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the authority, in partnership or by commissioning
- Making best use of human resources by taking an active and planned approach to meet responsibility to staff

To be able to effectively deliver good governance the Council needs to be able to demonstrate that it is complying with the six core principles set out above. The proposed Code of Corporate Governance, which incorporates these principles, is set out in draft at **Appendix A** for consideration.

Annual Review and Reporting Arrangements

- 3.7 Local government bodies are responsible for ensuring that their business is conducted in accordance with the law and proper standards, and that public money is properly accounted for, and used economically, efficiently and effectively. The adoption of an updated Code of Corporate Governance, consistent with the principles set out in this report, will help to ensure that proper arrangements are in place to meet that responsibility. **Appendix B** sets out a checklist that can be used on an annual basis to monitor compliance with the Code.
- 3.8 The Council currently prepares and publishes annually both a Statement of Assurance in relation to its adopted Code of Corporate Governance and a separate "Statement on Internal Control". These two documents are included in the Financial Statement. With effect from 2007/08 financial year the form and content of the annual governance statement must comply with "proper practice" and has been extended to incorporate the Annual Statement on Internal Control . As at present the new statement will be required to be signed by the Leader and Chief Executive. Consequently there will no longer be a requirement to prepare and publish a separate "Statement on Internal Control".
- 3.9 A draft copy of the format of the proposed annual governance statement is attached at **Appendix C** for information.

4. Legal Implications

- 4.1 The recommendations follow best practice as required by the District Auditor.

5. Risk Analysis

- 5.1 By not following best practice, the Council would find it more difficult to demonstrate that it was operating an effective corporate governance system.
- 5.2 By not operating an effective corporate governance system, the Council opens itself to legal, financial and administrative inefficiencies.

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| Appendices: | Appendix A - Local Code of Corporate Governance Appendix B - Monitoring Checklist Appendix C - Annual Governance Statement |
| Background Documents Used in the Preparation of this Report: | Delivering Good Governance in Local Government – CIPFA/SOLACE publication 2007 |

Previous Decisions Connected with this Report

| Report | Committee & Date | Minute Reference |
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| None | | |