

Report

Report subject: Corporate Governance Annual Review

Report to: Audit Committee

Date: 10th January 2006

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1 Background

- 1.1 In 2004/5 the council undertook a review of its corporate governance arrangements using the CIPFA / SOLACE model 'A framework for Corporate Governance'. The review was undertaken by a group of officers, Deputy Leader Councillor Collier and Mrs Lewis, Chair of the Standards Committee and also involved consultation with wider groups of Members and officers. The outputs of the review were a self-assessment, action plan and the Local Code of Corporate Governance, which were agreed by Council on 21st February 2005. The council undertook to carry out an annual review of the code and monitor the agreed actions.

2 Results of the 2005/6 Annual Review

- 2.1 Overall the results of the 2004/5 review were good and the action plan targeted those areas where improvements were needed to bring the self-score up to a reasonable standard. The weaker areas overall were 'Service Delivery Arrangements' and 'Risk Management & Internal Control'. Appendix A contains the action plan with an update on the current position. Good progress has been made in most areas. Areas where actions are in progress or outstanding will be brought into the action plan for 2006.
- 2.2 A review has been made of the 2004 self-assessment to establish whether it is still current and some updates have been made to reflect developments over the year, in particular those areas covered by the action plan. In addition, the area of 'Risk Management and Internal Control' has been reviewed in full by the Risk Management Group and scores revised. This area shows significant improvement. A summary of the self-assessment scores is shown in the following table. All categories were assessed on a scale of 0 to 10.

Table 1 – Summary of Self-Assessment scores 2004 and 2005

Dimension	2004 Average Score	2005 Average Score
Community Focus	7.1	7.3
Service Delivery Arrangements	6.7	7.2
Structures & Processes	8.2	8.0
Risk Management & Internal Control	6.6	7.5



Awarded in:
Housing Services
Waste and Recycling Services



Standards of Conduct	7.5	7.5
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2.3 Overall the review shows improvement, with none of the average scores falling below 7 out of 10. In future years it will be appropriate to carry out an in depth review of other dimensions as the original group assessment ages.

3 Wider developments in Corporate Governance

3.1 One of the most significant developments in the last year has been the publication of 'The Good Governance Standard for Public Services' by an Independent Commission established by the Office for Public Management, CIPFA and the Joseph Rowntree Foundation. This is an attempt to establish a universal standard of good governance that can apply across all organisations and partnerships that work for the public using public money. Whilst it does not replace the CIPFA/SOLACE framework on which the council's local code is based the commission hope that future updates will refer to the code. Accordingly CIPFA have commenced a review of the Framework, so it is anticipated that changes will happen in the future.

3.2 The six core principles identified in the standard are :

- Focusing on the organisation's purpose and on outcomes for citizens and service users.
- Performing effectively in clearly defined functions and roles.
- Promoting values for the whole organization and demonstrating the values of good governance through behaviour.
- Taking informed, transparent decisions and managing risk.
- Developing the capacity and capability of the governing body to be effective.
- Engaging stakeholders and making accountability real.

There is a lot of commonality with the principles established in the local code, so it is not considered that it is necessary to make a fundamental change to the code at this stage. One the review of the CIPFA / SOLACE framework is published then the implications for Salisbury's local code will be assessed.

3.3 The Framework applies to local government specifically and therefore may not appropriate to apply the model to any partnership arrangement the council enters into. However the Standard can be applicable to partnerships. It is felt that further work is required in this area to assess how the council promotes good governance in its partnership arrangements and whether there is merit in using the Standard in a more formal way. This piece of work could be planned for 2006 and if the recommendation is adopted then it will form part of the action plan.

4 Recommendations - Action Plan for 2006

4.1 It is recommended that the following actions are included in the Action Plan for 2006.

Review Ref	Action	Lead	Target Dates
General	Raise awareness of corporate governance and the relationship between it and effective service delivery. This will help ensure that the organisational culture of the council supports effective corporate governance.	Management Team and Extended Management Team	Ongoing requirement
3f	Monitor the outcome from the scrutiny review covering training for Members.	Principal Democratic Services Officer	31 st December 2006
4a	Continue to implement the risk management work programme; specifically the actions to provide further	Risk Management Group	31 st October 2006

	training to managers and development of operational risk registers.		
5a	Preparation and adoption of a code of conduct for agents and contractors with the council.	Monitoring Officer	31 st March 2006
5a	Preparation and adoption of an updated version of the planning code of conduct.	Monitoring Officer	31 st March 2006
5a	Consult with managers on the need for training on fraud risk awareness.	Chief Internal Auditor	31 st March 2006
General	Report on any revised guidance relating to corporate governance as a result of the CIPFA review of the framework.	Chief Internal Auditor	31 st December 2006
General	Include within the 2006/7 Audit Plan a review of the council's partnership arrangements that includes consideration of the corporate governance framework.	Chief Internal Auditor	April 2006 for the Audit Plan. Timing of the work to be agreed.

Implications:

- **Financial:** The action plan can be carried out within existing resources.
- **Legal:** None
- **Human Rights:** None
- **Personnel:** The actions identified in this report will result in more clearly defined standards, codes of practice, required behaviour and levels of responsibility for employees at all levels. This represents good human resources practice.'
- **Community Safety:** None
- **Environmental Impact:** None
- **Council's Core Values:** Communicating with the public, excellent service, open learning council and a willing partner.