

Open Report on behalf of David O'Connor, Executive Director Performance and Governance

Report to:	Audit Committee
Date:	27 January 2014
Subject:	Update on Annual Governance Statement 2013

Summary:

This Report provides the Committee with information on the annual review of the Local Code of Governance and progress on agreed actions contained in the Council's Annual Governance Statement 2013.

Recommendation(s):

Consider and comment on the effectiveness of the Councils Local Code of Governance

Review the progress made on the Annual Governance Statement and consider any actions the Committee may wish to take.

Background

1.1 At the 23rd September 2013 the Audit Committee approved the Council's Annual Governance Statement 2013. The following *Governance Issues* (what's important to how we operate) were identified:-

- Maintaining Good Governance
- Workforce and Management Capacity
- Public Health
- Adult Care – change of pace and scale
- Adult Care – safeguarding vulnerable adults
- Safeguarding Children
- Education and Skills
- Maintaining Financial Resilience
- Procurement and Contract Management
- Becoming a Commissioning Organisation
- Maintaining ICT Resilience

1.2 Attached in Appendix A is the Annual Governance Statement action plan, which shows the current status on progress for each of the above areas.

What do we mean by Governance?

2.1 Governance is about how local authorities ensure that they are:

‘doing the right things, in the right way, for the right people, in an open, honest, inclusive and timely manner’

2.2 It encompasses the systems, processes and culture and values, by which the Council is directed and controlled and through which they account to, engage with, and where appropriate, lead their communities.

What is the Governance Framework?

3.1 Each local authority operates through a governance framework which brings together an underlying set of legislative requirements, governance principles and management processes. It ensures that the Council's business is conducted in a legal and proper way – ensuring that public money is properly used - economically, efficiently and effectively.

3.2 In December 2012, CIPFA¹ issued a revised ‘Delivering Good Governance in a Local Government Framework’ with associated guidance. These set out best practice to be followed for developing and maintaining a local code of governance – including the publication of an annual governance statement.

3.3 It defines six core principals by which Councils can test out their governance arrangements. These are:

- Focussing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area
- Members and officers working together to achieve a common purpose with clearly defined functions and roles
- Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
- Developing the capacity and capability of members and officers to be effective
- Engaging with local people and other stakeholders to ensure robust accountability

3.4 CIPFA has not changed the Framework from the original 2006 publication - however the guidance has been updated to reflect:

¹ The Chartered Institute of Public Finance and Accountancy

- Changes to structures resulting from the way local government operates and undertake service provision – partnerships, collaboration, commissioning, shared services including shared management teams and chief executives
 - New roles and greater flexibility through the Localism Act and other legalisation
 - Increasing transparency of data
 - Responsibilities for public health
 - Governance requirements to support the role of the Chief Financial Officer and Head of Internal Audit
- 3.5 It gives greater flexibility in demonstrating compliance but gives greater emphasis on:
- Scrutiny
 - Fraud
 - Maintaining standards
 - Governance of risk
- 3.6 The Council's Local Code of Governance has been updated in light of this guidance and sets out how the Council has applied the six core principals (see attached Appendix B).
- 3.7 The Audit Committee plays a key component of the Council's governance framework it oversees the Local Code of Governance and the development of the Annual Governance Statement. As such the Committee is requested to review the Council's local code against the good governance framework and guidance – these can be found in Appendix C. Key questions to consider are:
1. Does it represent how the Council operates?
 2. Does it meet the principals of good governance?
 3. Are there any gaps?
 4. Is it easy to read and understand?
 5. Do the Council's assurance arrangements adequately address the risks and priorities of the Council? ie provide leadership with insight and comfort that the management arrangements put in place to successfully deliver Council policies and priorities are operating effectively.

Conclusion

- 4.1.1 The Annual Governance Statement is a vital component of the Council's governance framework. It sets out areas where we have identified where further work is required to improve systems or monitor how the key risks facing the Council are being managed.
- 4.1.2 The action plan shows that good progress has been made on the areas identified.

4.2 The local code of governance shows that the Council meets the six principals of good governance which underpins the development of the Annual Governance Statement.

Consultation

a) Policy Proofing Actions Required

Not applicable

Appendices

These are listed below and attached at the back of the report	
Appendix A	Annual Governance statement 2013 - Action Plan
Appendix B	Local Code of Governance - 2013
Appendix C	CIPFA Good Governance Guidance for Local Authorities - 2012 Edition (please note: this appendix is available electronically at www.lincolnshire.gov.uk/committeerecords)

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

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