

AUDIT & STANDARDS COMMITTEE

Agenda Item 74

Brighton & Hove City Council

Subject: Delivering Good Governance in Local Government

Date of Meeting: 22nd January 2013

Report of: Director of Finance

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Wards Affected: All

FOR GENERAL RELEASE

1. Summary and Policy Context

1.1 Good governance enables the Council to pursue its vision and achieve its priorities, underpinned with effective control and the management of risk.

1.2 The CIPFA/SOLACE Delivering Good Governance Framework was first published in 2007. New guidance on Delivering Good Governance in Local Government (the guidance) was published in late December 2012 to assist local authorities in reviewing the effectiveness of their own governance arrangements through self assessment and reference to best practice.

2. Recommendations

2.1 Members are asked to note the publication of the new guidance, its key contents, and actions planned by the Council to further develop and demonstrate good governance arrangements.

3. Background Information

Delivering Good Governance in Local Government Guidance Note for English Authorities (December 2012)

3.1 The Framework for Delivering Good Governance in Local Government (the Framework), published by the Chartered Institute of Public Finance and Accountancy (CIPFA) in association with the Society of Local Authority Chief Executives and Senior Managers (SOLACE) in 2007, set the standard for local authority governance in England. This reflects the Good Governance Standard for Public Services (2004) which followed a number of corporate governance failures.

- 3.2 The concept underpinning the Framework is helping local government in taking responsibilities for developing and shaping an informed approach to governance, aimed at achieving the highest standards, in a measured and proportionate way.
- 3.3 The Framework was accorded ‘proper practices’ status by the Department for Communities and Local Government (DCLG) through non statutory guidance in 2007.
- 3.4 CIPFA and SOLACE reviewed the Framework during 2012 to ensure it remained ‘fit for the purpose’ and issued the Guidance in late December 2012 with the key message for local authorities to review and report on the effectiveness of their governance arrangements and meet the governance standard.
- 3.5 The Framework consists of six core principles:
- Core Principle 1** Focussing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area
 - Core Principle 2** Members and officers working together to achieve a common purpose with clearly defined functions and roles
 - Core Principle 3** Promoting values for the authority and demonstrating the values of good
 - Core Principle 4** Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
 - Core Principle 5** Developing the capacity and capability of members and officers to be effective
 - Core Principle 6** Engaging with local people and other stakeholders to ensure robust public accountability
- 3.6 Each core principle is underpinned by a number of supporting principles and the guidance provides examples of evidence required for the assessment.
- 3.7 The Framework is intended to assist local authorities individually in reviewing and accounting for their own approach. The overall aim is to ensure that resources are directed in accordance with agreed policy and according to priorities; there is sound decision making and clear accountability for the use of those resources, in order to achieve the desired outcomes for service users and communities.
- 3.8 The Guidance acknowledges that a ‘one-size-fits-all’ approach to governance is inappropriate as local government arrangements must be proportionate to the risks. The Guidance is therefore intended to assist local authorities individually in reviewing and accounting for their own unique approach.

- 3.9 The Guidance also recognises consequential changes in governance arrangements from local authorities changing the way they operate and undertake service provision. Public services can now be delivered directly, through partnerships, collaboration and commissioning.
- 3.10 Developments that impact on the Framework since its launch include:
- Government's commitment to increasing transparency
 - Localism Act 2011
 - Health & Social Care Act 2012
 - Revised guidance on the role of the Chief Financial Officer
 - Revised guidance on the role of the Head of Internal Audit
 - Changes to Local Authority governance structures
 - A new Local Government Fraud Strategy
- 3.11 The principles of good governance in the Framework should be reflected in Local Codes of Corporate Governance prepared and published by local authorities. These are public statements setting out the way in which each local authority will demonstrate effective corporate governance.
- 3.12 Local Codes of Corporate Governance are however non mandatory for local authorities but strongly recommended as best practice and support openness and transparency.

Annual Governance Statement

- 3.13 The Framework is used by local authorities for the assessment of governance arrangements and preparation of the Annual Governance Statement to report publically on the extent to which they comply.
- 3.14 The Accounts and Audit Regulations 2011 require all local authorities to prepare an Annual Governance Statement.
- 3.15 There has been a significant variation in the both the format, content and length of Annual Governance Statements prepared by local authorities. The Guidance addresses this by recommending a best practice.

Application of the Framework and Delivering Good Governance Guidelines at Brighton & Hove City Council and Actions

- 3.16 Since 2007, the Framework has been used by the Council for the annual assessment of governance arrangements and preparation firstly of the Statement of Internal Control and now the Annual Governance Statement.
- 3.17 With the abolition of the Audit Commission and reduction in external audit and inspection there is a greater onus and responsibility for local authorities to undertake self assessment and demonstrate effective governance arrangements.

- 3.18 The new guidelines are a welcome update and will be used for the annual assessment of governance arrangements for 2012/13. This will be reported to the Audit and Standards Committee in June 2013.
- 3.19 The current format used by the Council for the Annual Governance Statement is not dissimilar to that recommended in the Guidance and therefore only minor changes will be made.
- 3.20 The 2007 Framework is reflected in the Council's current Code of Corporate Governance. This is part of the Council's Constitution and first prepared in 2007 and updated once since, in 2009. An update was planned in 2011 but the new Guidance was then expected, although has since been delayed.
- 3.21 The Council's Code of Corporate Governance will be updated to meet the new guidance in addition to reflect changes to the way the Council operates and undertake service provision.
- 3.22 The Council's updated Code of Corporate Governance is planned to be reported to the Audit and Standards Committee in April 2013 before going to full Council for approval.
- 3.23 The updated Code of Corporate Governance will be publicised and subjected to ongoing review to ensure effective.

11. FINANCIAL & OTHER IMPLICATIONS:

11.1 Financial Implications:

Adopting the updated guidance on good governance will enable the Council to demonstrate it is managing risk, ensuring transparency and demonstrating accountability. Financial governance will continue to be monitored and reported through the Annual Governance Statement.

Finance Officer consulted: Anne Silley
Head of Business Engagement

10th January 2013

11.2 Legal Implications:

The report is for noting only. The council's current Code of Corporate Governance is set out in Part 8.11 of the constitution. Once reported to this Committee and approved by Full Council, the updated Code will supersede the version in the current constitution.

Legal Officer consulted: Oliver Dixon

10th January 2013

Lawyer

11.3 Equalities Implications:

There are no direct equalities implications arising directly from this report

11.4 Sustainability Implications:

There are no direct sustainability implications arising from this report.

11.5 Crime & Disorder Implications:

There no direct implications for the prevention of crime and disorder arising from this report.

11.6 Risk and Opportunity Management Implications:

There no direct implications for risk and opportunity management arising from this report.

11.7 Corporate / Citywide Implications:

Robust corporate governance arrangements are essential to the sound management of the City Council and the achievement of its objectives as set out in the Corporate Plan.

SUPPORTING DOCUMENTATION

Background Documents

1. CIPFA/SOLACE Delivering Good Governance in Local Government Guidance Note for English Authorities (December 2012)
2. CIPFA/SOLACE Delivering Good Governance Framework (2007)
3. Good Governance Standard for Public Services (2004)
4. Accounts & Audit Regulations 2011
5. Brighton & Hove City Council Code of Corporate Governance (2009)

