
REPORT TO:	AUDIT SUB-COMMITTEE	AGENDA ITEM: 7
DATE OF MEETING:	23rd JUNE, 2011	CATEGORY: DELEGATED
REPORT FROM:	DIRECTOR OF OPERATIONS	OPEN
MEMBERS' CONTACT POINT:	MARK ALFLAT mark.alflat@south-derbys.gov.uk	DOC: U:\pmw\COMMSERV\COMMITTEES\AUDIT SUB - FROM JUNE 2011\23.6.11.doc
SUBJECT:	LOCAL CODE OF CORPORATE GOVERNANCE – REVIEW OF SELF ASSESSMENT	REF: MA/PMW
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE

1.0 Recommendation

- 1.1 That the Committee review and report to Council on progress in achieving the action points set out in the Self Assessment of performance under the Local Code of Corporate Governance.

2.0 Purpose of Report

- 2.1 The purpose of this report is to:

- (1) outline the background and process which has led to the submission of the appended Review of Self Assessment document and Action Plan;
- (2) invite the Committee to consider the document and report to Full Council on progress.

3.0 Background

- 3.1 A revised Local Code of Corporate Governance was adopted by the Council on 3rd July 2008, at which time it was reported that a Self Assessment audit had been carried out by officers to provide evidence of how the Council had fulfilled or intended to fulfil its commitment to corporate governance.
- 3.2 In approving the Code, Full Council resolved that the Audit Sub-Committee should receive half yearly reports on progress in relation to compliance with the six core principles on which the Code is based. This was to ensure that the Audit Sub-Committee oversaw and monitored arrangements for complying with Corporate Governance issues, including approving the Annual Governance Statement.

What is corporate governance?

- 3.3 Corporate Governance in local government is the system by which a Council directs and controls its functions and relates to its community. Good Corporate Governance is essential in demonstrating there is credibility and confidence in the public services we provide. Sound arrangements are founded upon openness, integrity and accountability, together with the over-arching concept of leadership.

The purpose of a Local Code of Governance

- 3.4 The Local Code of Governance is a single document that aims:
- to serve as a management tool for reviewing and monitoring existing Corporate Governance arrangements
 - to ensure that evidence about our governance arrangements, e.g. for “Use of Resources” assessment, and Annual Governance Statement etc. is available
 - to help develop plans for improving arrangements for Corporate Governance

Our commitment to Corporate Governance

- 3.5 South Derbyshire District Council is committed to having sound Corporate Governance arrangements. The development and maintenance of a Local Code of Corporate Governance will assist in achieving this aim.
- 3.6 The Code assists in demonstrating good governance of the Council’s affairs and that the stewardship of the resources at its disposal are effective.
- 3.7 The Code of governance will be reviewed periodically to ensure that it remains up to date.

What our governance arrangements are measured against

- 3.8 Further CIPFA/SOLACE guidance entitled “*Delivering Good Governance in Local Government*” has recently been issued and the Council has made use of the six core and supporting principles to assess our governance arrangements.
- 3.9 The six core principles are:
1. Focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision for the local area.
 2. Members and Officers working together to achieve a common purpose with clearly defined functions and roles.
 3. Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
 4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
 5. Developing the capacity and capability of Members and Officers to be effective.
 6. Engaging with local people and other stakeholders to ensure robust public accountability.
- 3.10 A corporate group of senior Officers, consisting of the Director of Operations, Head of Corporate Services and the Corporate Policy & Communications Manager meet on a six monthly cycle to assess the Council’s Governance arrangements.

- 3.11 The group carried out an assessment against the CIPFA/SOLACE checklist by assessing the documents/processes and other means used to measure compliance with the six supporting principles.
- 3.12 The way in which the Officers have measured compliance with the supporting principles is with a score between 1 and 5, as set out in the table below. Members will note that the scoring range has been reduced from 1–10 to 1–5. This has occurred as a result of a discussion that took place with Members of the Standards Committee who felt that the reduced range of scoring was more meaningful and, therefore, this has been implemented in the self assessment document. Although the scores awarded are judgemental, they are determined through robust discussion by the corporate group. In addition, any comments/plans for improvement are noted for subsequent review, compliance with which will result in at least one additional point being added to the self assessment score.

Score	Level of compliance with supporting principle
1	Unacceptable
2	Partial
3	Substantial
4	Practically
5	Fully

- 3.13 The self assessment provides the evidence of how the Council has fulfilled, or intends to fulfil its commitment to high standards of corporate governance, and establishes the Council's baseline position as regards compliance with the six principles. On 1st June, 2011, Officers again met to review the assessment they undertook on 11th November, 2010. A report showing the progress that has been made in the last six months, with a recalculation of the score where justified, is attached at **Annexe 'A'**.
- 3.14 It was agreed that an Action Plan, identifying those areas where we had scored 3 or below, would be created with a view to addressing those issues over the next twelve months. A copy of the Action Plan, showing the progress made to date is attached at **Annexe 'B'**.
- 3.15 Major items that have been achieved in the last six months include the implementation of the Corporate Services Partnership with Northgate from August 2010. In relation to corporate governance, the creation of the Client Services Team and wider governance arrangements for the Corporate Services Partnership will ensure that the Council is able to effectively manage and monitor the contract to sustain good performance, ensure that Northgate delivers on the key success criteria and that the approved objectives of working in partnership are both realised and sustained.
- 3.16 The governance arrangements between the Council and Northgate are a contractual requirement. The Strategic Partnership Board, the role of which is to develop the partnership and ensure that it gives added value to the Council, includes three Members as well as officers.

3.17 Following the review of the risk management process which had been in place for a number of years, both the strategy and risk register have been embedded into the Council, ensuring that risk management is integral to policy, planning and operational management

4.0 Financial Implications

4.1 None directly arising from the report.

5.0 Corporate Implications

5.1 The Code overarches all the Council's activities and compliance with it will necessarily take into account all the Council's policies and strategies in relation to these issues.

5.2 The self assessment process is an important element in ensuring that the Council keeps under review its Local Code of Corporate Governance, in order to continue to maintain the six core principles.

6.0 Community Implications

6.1 A key aim of the authority is community leadership, which is concerned with the style and manner in which the Council operates and how we relate to local people and partners. One important aspect included in this aim is our policies and arrangements for corporate governance.

7.0 Background Papers

- Local Code of Corporate Governance – [hyperlink to Constitution](#)
- CIPFA/SOLACE publication "*Delivery Good Governance in Local Government*".