

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter:	Consultation paper - Delivering Good Governance in Local Government; a Framework
Meeting/Date:	Corporate Governance Panel – 16 September 2015
Executive Portfolio:	Resources: Councillor J A Gray
Report by:	Internal Audit & Risk Manager
Ward(s) affected:	All Wards

Executive Summary

A consultation paper has been issued by CIPFA (The Chartered Institute of Public Finance and Accountancy) and SOLACE (Society of Local Authority Chief Executives and Senior Managers) on planned revisions to the Delivering Good Governance in Local Government: Framework. The Framework underpins the Council's own local Code of Corporate Governance and any changes to the Framework will be required to be reflected in the local Code.

Evidencing the delivery of the local Code is an important role for the Panel and a key element in the preparation of the Annual Governance Statement (AGS).

The proposed response to the consultation from the Council is attached as Appendix 1 (the consultation document is available to view via the link at the end of this report). Members will recall that during their informal meeting of 19 August 2015 (when they considered evidence to support delivery of the local code) there were discussions about the process for evaluating Member performance. Question six of the consultation refers to the relationship between Members and Officers. The opportunity has been taken in the response to reflect Panel's views on Member evaluation.

There is no timetable for the publication of the final document. The consultation suggests that the Framework will be published during the current financial year, so allowing changes to the local Code to be made. This would mean that the 2015/2016 AGS would need to take account of an updated local Code of Corporate Governance.

There are no financial implications arising from this report.

Recommendation(s):

The Panel are recommended to consider the consultation paper and the draft response and decide what additional comments they wish to make.

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1. WHAT IS THIS REPORT ABOUT/PURPOSE?

- 1.1 This report gives the Panel the opportunity to comment on proposed changes to the model CIPFA/SOLACE governance framework. The Council's Code of Corporate Governance is based on a previous version of the framework.

2. WHY IS THIS REPORT NECESSARY/BACKGROUND

- 2.1 As the Panel are responsible for approving the local Code of Corporate Governance it is appropriate that they have the opportunity to review and consider the proposed changes to the framework and that their views are made known to CIPFA/SOLACE.

3. OPTIONS CONSIDERED/ANALYSIS

- 3.1 The revised Framework is based on the June 2014 *International Framework for Good Governance in the Public Sector* developed by CIPFA and the International Federation of Accountants (a global organisation representing approximately 2.5m Accountants). Whilst it has the same overall aims and objectives as the previous Framework the narrative used to describe its Principles and sub-principles is different. For that reason, it has not been compared to the previous Framework to identify additions or omissions, but reviewed afresh.

It is considered that the Framework will not be overly burdensome or difficult to implement.

- 3.2 The Framework is suggesting that seven main Principles be introduced, these are:

- A Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- B Ensuring openness and comprehensive stakeholder engagement.
- C Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- D Determining the interventions necessary to optimize the achievement of the intended outcomes.
- E Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- F Managing risks and performance through robust internal control and strong public financial management.
- G Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

- 3.3 The proposed response is included at Appendix 1. The response has been reviewed by the Corporate Management Team. As the International Framework was consulted upon extensively before being adopted it reflects current best practice thinking. For this reason, the consultation response is not particularly detailed or long.

- 3.4 Consultation question 5 refers to the relationship between Members and Officers. The response reflects the Panels recent discussions on evaluating Member performance – which was that providing training to enable Members to work effectively as a Councillor was the responsibility of the Council, but

evaluating how effectively they were as a Councillor should be a party political matter.

4. COMMENTS OF OVERVIEW & SCRUTINY PANEL

4.1 Not applicable.

5. KEY IMPACTS/RISKS? HOW WILL THEY BE ADDRESSED?

5.1 The preparation and publication of an Annual Governance Statement in accordance with *Delivering Good Governance in Local Government: Framework* fulfils the Councils statutory requirement (as per the Accounts & Audit Regulations 2015) to conduct a review at least once in each financial year of the effectiveness of its system of internal control and to include a statement reporting on the review with its statement of accounts.

5.2 The Council will be expected to adopt a new local Code of Corporate Governance based upon the final published Framework. Whilst the current local Code could still be retained and not updated, it is likely that the External Auditor would refer to this omission in their Annual Report to Panel. The Annual Governance Statement would also need to refer to this.

6. WHAT ACTIONS WILL BE TAKEN/TIMETABLE FOR IMPLEMENTATION

6.1 The Council's response will be submitted prior to the consultation closing date, 28 September.

7. LINK TO THE CORPORATE PLAN

7.1 Good governance encourages better informed decision making, the efficient use of resources and strengthens accountability for the stewardship of those resources. All of which will assist the Council to deliver its Corporate Plan objectives.

8. CONSULTATION

8.1 None

9. LEGAL IMPLICATIONS

9.1 Once the final Framework is published, a revised Code of Corporate Governance will need to be adopted. Specific legal implications will be outlined at that time.

10. RESOURCE IMPLICATIONS

10.1 There are no direct resource implications arising from this report.

11. OTHER IMPLICATIONS

11.1 There are no other implications arising from this report.

12 REASONS FOR THE RECOMMENDED DECISIONS

12.1 The Panel will be responsible for approving any changes to the local Code of Corporate Governance and the consultation process gives them the

opportunity to influence the final Framework document that will be published. A draft response has been prepared and the Panel are being requested to endorse that response and consider whether any further comments should be made.

13. LIST OF APPENDICES INCLUDED

Appendix 1 Proposed response

BACKGROUND PAPERS

Consultation paper. Delivering Good Governance in Local Government: a Framework
<http://www.cipfa.org/policy-and-guidance/consultations/delivering-good-governance-in-local-government>

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