

REPORT OF: FINANCIAL SERVICES MANAGER
TO: ACCOUNTS & AUDIT COMMITTEE
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Report Author: Vince Green
Tel. No: 01282 661867
E-mail: vince.green@pendle.gov.uk

DELIVERING GOOD GOVERNANCE IN LOCAL GOVERNMENT
Update on the 2016 CIPFA / SOLACE FRAMEWORK

PURPOSE OF REPORT

1. This report provides the Committee with an overview of the revised framework published jointly by CIPFA¹ and SOLACE² in April 2016. The new framework replaces the one developed in 2007 and applies to Annual Governance Statements prepared for the financial year 2016/17 onwards.

RECOMMENDATIONS

2. The Committee is recommended to note the revised framework at this time and that a further report is presented to the next meeting.

REASONS FOR RECOMMENDATION

3. To ensure the Committee is aware of changes in the governance framework for local government.

ISSUE

Background

4. Since the original framework was published in 2007 the Council has maintained a local code of corporate governance together with an action plan identifying the extent of compliance and / or any areas in the council's arrangements that require further development. This has been subject to quarterly review by the Corporate Governance Group which comprises the Strategic and Corporate Directors together with the Financial Services Manager (i.e. the three statutory officers).
5. Following each quarterly review the outcomes are presented to Management Team initially and then to this Committee. The last report was considered by the Committee in March 2016 and can be viewed [here](#) (item 12 refers).

¹ CIPFA (Chartered Institute of Public Finance & Accountancy)

² SOLACE (Society of Local Authority Chief Executives)

6. This work helped inform the Annual Governance Statement for 2015/16 which is presented within the Statement of Accounts reported elsewhere on the agenda for this meeting. The governance statement for 2016/17 will have to be prepared with reference to the 2016 framework.
7. The concept underpinning the Framework is that it is helping local government in taking responsibility for developing and shaping an informed approach to governance, aimed at achieving the highest standards in a measured and proportionate way. The Framework is intended to assist authorities individually in reviewing and accounting for their own unique approach. The overall aim is to ensure that:
 - resources are directed in accordance with agreed policy and according to priorities;
 - there is sound and inclusive decision making;
 - there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

Context for the update

8. Local government continues to undergo significant change, much of which has been driven by austerity measures. In order to cope with this climate of austerity, authorities will need to continue to adapt the way in which they operate. Local authorities have responded by increasing collaboration and developing their role as 'enablers'. Authorities will continue to make difficult decisions which may mean that certain services are no longer provided, but in doing this they need to communicate effectively with their communities, service users, stakeholders and individuals to ensure that the most vulnerable citizens are protected.
9. In addition to economic and financial challenge, the integrated health and social care programme, devolution, the Localism Act 2011, the Police Reform and Social Responsibility Act 2011, the Cities and Local Government Devolution Act 2016 and other key legislation have brought new roles, opportunities and greater flexibility for authorities.
10. The development of combined authorities, devolution deals together with elected mayors brings about the chance to design governance structures from the bottom up. It provides the opportunity to ensure that the core principles of good governance covering openness and stakeholder engagement, defining outcomes, monitoring performance and demonstrating effective accountability are integrated and embedded within the new structures and mechanisms for effective scrutiny are established. It is clear that to bid successfully for devolved power will require good governance to be demonstrated as well as crucial in using such powers effectively.
11. New responsibilities and the development of innovative collaborative structures and ways of working provide challenges for governance such as ensuring transparency, and, in particular, for managing risk. Whether working with other authorities, public sector bodies, the third sector or private sector providers, local authorities must ensure that robust governance arrangements are established at the outset which provide for a shared view of expected outcomes supported by effective mechanisms for control and risk management thereby ensuring that the public purse is properly protected. It is vital that all joint arrangements observe all the principles of good governance and are managed and reviewed with the same rigour.

Next steps

12. It is intended to review the current corporate governance action plan to determine the extent of alignment with the revised principles as set out in the new framework and update the plan as required. **Appendix A** compares the principles as set out in the 2016 and 2007 frameworks.
13. This work will be considered initially by the officer Corporate Governance Group with the outcomes reported to the next meeting of this Committee. This will also shape the development of the Annual Governance Statement for 2016/17 which will be presented with the accounts for the year in July 2017.

IMPLICATIONS

Policy

There are no new policy implications arising from this report.

Financial

There are no financial implications arising from this report.

Legal

There are no legal implications arising directly from this report.

Risk Management

There are no new risk management implications arising directly from this report.

Health and Safety

There are no Health and Safety implications arising directly from this report.

Sustainability

There are no sustainability implications arising directly from this report.

Community Safety

There are no community safety issues arising directly from the contents of this report.

Equality and Diversity

There are no equality and diversity implications arising from the contents of this report.

APPENDICES

Appendix A – Comparison of Principles in the 2007 and 2016 CIPFA/SOLACE Governance Frameworks *(for Members of the Committee only)*

LIST OF BACKGROUND PAPERS: None