

REPORT OF: FINANCIAL SERVICES MANAGER

TO: ACCOUNTS & AUDIT COMMITTEE

DATES: 25th January 2017

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**DELIVERING GOOD GOVERNANCE IN LOCAL GOVERNMENT
CIPFA / SOLACE FRAMEWORK (2016)**

PURPOSE OF REPORT

1. This report provides the Committee with details of a self-assessment carried out against the updated framework published jointly by CIPFA¹ and SOLACE² in 2016. The new framework replaces the one developed in 2007 and applies to Annual Governance Statements prepared for financial years from 2016/17 onwards.

RECOMMENDATIONS

2. The Committee is recommended to note:
 - (a) the outcome of the initial self-assessment and,
 - (b) the intention to provide further reports in due course to ensure the Council's corporate governance framework remains subject to regular review and scrutiny by this Committee.

REASONS FOR RECOMMENDATION

3. To ensure the Committee is aware of changes in the governance framework for local government and the Council's arrangements to demonstrate compliance with the new framework.

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.

¹ CIPFA (Chartered Institute of Public Finance & Accountancy)

² SOLACE (Society of Local Authority Chief Executives)

5. This is subject to periodic review by the Corporate Governance Group which consists of the Strategic and Corporate Directors together with the Financial Services Manager (i.e. the three statutory officers).
6. 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.
7. Elsewhere on the agenda for this meeting is an update from Grant Thornton and the Committee will note that page 10 of their update refers specifically to the revised framework and poses the challenge question: *Does the Council have arrangements in place to review its governance arrangements in line with the updated guidance?*
8. This Committee first received a report on the revised Code last July. This report now provides details of the outcomes from a self-assessment exercise which looked at each of the seven principles in the code and assessed the evidence available to demonstrate compliance. The results are presented at [Appendix A](#) and this adopts the following indicators to assess the level of compliance:
 - Red nil compliance - no evidence that arrangements exist;
 - Amber scope to strengthen current arrangements / improvements required;
 - Green current arrangements assessed as meeting the requirements.
9. Having undertaken the work described above it is considered that, overall, the Councils arrangements are generally good and demonstrate compliance with the principles set out in the revised code. However, there are a number of areas where it is felt the existing arrangements can be strengthened or require improvement. These are highlighted with an Amber status in [Appendix A](#) and consist of the following:
 - Ensuring the achievement of social value through service planning and commissioning – whilst the Council's governance framework refers expressly to ensuring account is taken of the social value requirements (e.g. in Contract Procedure Rules – CPR 7) there have been no instances of any significant commissioning (i.e. above EU thresholds) which would evidence where this has been a factor and hence currently this is shown as amber;
 - Use of benchmarking to improve use of resources – whilst this is used within some services the Local Government Association (LGA) Peer Review team (which visited the Council in November 2015 and again in November 2016) felt there was more the Council could do to build on these arrangements;
 - Risk Management Policy and Strategy – whilst our arrangements are well established the actual policy and strategy statements require updating and these will be presented to the next meeting of this Committee;
 - Arrangements for Internal Audit – this is assessed as Amber purely as a result of impending staff changes and the need to put in place revised arrangements for 2017/18;

- Managing Data – The Council is due to embark on a project to replace the current. The Council has also acquired Dotmailer to help communicate via HTML email with our customers. These developments combined with the ongoing implementation of IDOX software (using a unified view of property based data) require us to review and update various policies and practices (e.g. issues with duplicate data, data storage and retention policies);
- Financial Statements – performance information used in the Narrative Report – this was a new requirement in 2015/16 and whilst we complied, our External Auditor recommended there was more we could do to strengthen this reporting – the accounts for 2016/17 provide the first opportunity to address this;
- Peer Reviews – the Council invited a peer review, led by the LGA, in November 2015 and received a follow-up visit in November 2016; this confirmed good progress has been made on the recommendations from the initial review but in some cases work is still ongoing and hence this has been assigned an amber rating.

10. Further work will be undertaken across the areas outlined above with progress reported to this Committee in subsequent updates.

11. Ordinarily, a report on corporate governance would include reference to the Council's risk management arrangements and an update on the Strategic Risk Register. Given the intention to update the risk management policy and strategy as outlined above this will be reported in more detail to the March meeting of the Committee.

IMPLICATIONS

Policy

There 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 – Self-assessment against the principles contained in the CIPFA/SOLACE Governance Framework 2016