

CABINET - 16 JUNE 2016

THE ANNUAL GOVERNANCE STATEMENT 2015/16 and UPDATED LOCAL CODE OF GOOD GOVERNANCE

JOINT REPORT OF THE CHIEF FINANCIAL OFFICER and THE MONITORING OFFICER

LEAD CABINET MEMBER - COUNCILLOR SHAUN DAVIES

1 SUMMARY OF MAIN PROPOSALS

- 1.1 For the Cabinet to agree the Annual Governance Statement 2015/16 prior to the statement being signed by the Leader and Managing Director. The Statement will then be sent to the Audit Committee for review and approval and will accompany the 2015/16 annual accounts.
- 1.2 For the Cabinet to recommend that the revised Local Code of Good Governance which has been updated to reflect the requirements of the new CIPFA/SOLACE guidance is included in the Constitution and therefore approved by Council.

2 RECOMMENDATION

- 2.1 That members of the Cabinet agree the Annual Governance Statement 2015/16, attached as Appendix A, and note the information in the report.
- 2.2 That members of the Cabinet recommend that the revised Local Code of Good Governance attached as Appendix C is included in the Constitution.

3 SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific Priority Plan objective(s)?	
	Yes	<i>The Governance Framework encompasses the whole Council and therefore all of the Council's priorities.</i>
	Will the proposals impact on specific groups of people?	
	No	
TARGET COMPLETION/ DELIVERY DATE	<i>Annual Governance Statement signed and ready to accompany the 2015/16 accounts by 30th June 2016. Updated Local Code of Good Governance is required to ensure it reflects the updated guidance against which the Council must assess itself for 2016/17 Annual Governance Statement.</i>	
FINANCIAL/VALUE FOR MONEY IMPACT	No	<i>The governance framework includes several financial elements, including the Council's financial regulations, the budget strategy and the Treasury Management Strategy. These provide the financial parameters, systems, processes and guidelines within which the Council must operate and as such assists in the delivery of good governance. Strong financial management also supports the delivery of value for money in ensuring economy, efficiency and effectiveness in the Council's decision making and processes. The Council's external auditors give an opinion on the financial statements of the authority and a value for money conclusion in their Annual Audit Letter each year which provides further assurance.</i>
LEGAL ISSUES	Yes	<i>The requirement for an Annual Governance Statement is established at Part 2 paragraph 6 of the Accounts and Audit Regulations 2015. Further details of this requirement are</i>

		<i>set out at sections 4.1 and 4.2 of this report.</i>
OTHER IMPACTS, RISKS & OPPORTUNITIES	Yes	<i>Good governance supports the identification and management of risks and robust control arrangements.</i>
IMPACT ON SPECIFIC WARDS	Yes	<i>Borough-wide impact</i>

4 INFORMATION

- 4.1 Under the Accounts and Audit Regulations 2015 the Council is required to produce an Annual Governance Statement and it is best practice that the statement is signed by the Leader and Managing Director of the Council. This statement should accompany the Annual Accounts.
- 4.2 The Annual Governance Statement for 2015/16 is attached at Appendix A and has been developed based on the requirements of the regulations and CIPFA/Solace guidance¹. The statement includes an action plan (Annex 1) to ensure that we continue to improve our existing governance arrangements.
- 4.3 The action plan attached to the 2014/15 statement (implemented during 2015/16) has been reviewed and updated to reflect current progress. The position as at 31/03/16 is attached as Appendix B to this report.
- 4.4 The Annual Governance Statement outlines that the Council has been adhering to its Local Code of Corporate Governance, continually reviewing procedures to maintain and demonstrate good corporate governance and that it has in place robust systems of internal control which is even more important in these times of financial constraint. The Council can be assured that during 2015/16, including during organisational and personnel changes that the existing or revised governance arrangements have continued to support proper governance. Where required changes to procedures have been agreed by SMT and changes to the Constitution have been agreed by the Council, through the Council's Constitution Committee.
- 4.5 Assurance for the annual governance statement is provided by all areas of the Council and externally by the following:
- a) Leader and Managing Director – who sign the statement to acknowledge their responsibilities;
 - b) Senior management – Managing Director, Directors, Assistant Directors;
 - c) Chief Financial Officer;
 - d) The Monitoring Officer;
 - e) Members – Scrutiny arrangements, Standards Committee, Audit Committee and other Regulatory Committees;
 - f) Internal Audit ;
 - g) Partners;
 - h) External Audit; and
 - i) Other external inspection agencies.
- 4.6 The 2015/16 Annual Governance Statement sets out the Council's governance arrangements that operated during the period – 1st April 2015 to 31st March 2016 and measures the effectiveness of them.
- 4.7 The Council's current Code of Good Governance was approved in 2008 but has been reviewed against updated guidance and the Council's values in the interim but has not required changes. In April 2016 CIPFA/SOLACE published an updated framework² including revised principles and

¹ Application Note to Delivering Good Governance in Local Government: a Framework March 2010 and Delivering Good Governance in Local Government Guidance Note for English Authorities 2012 Edition

² Delivering Good Governance in Local Government: Framework (2016 Edition)

guidance. Although the revised principles still reflect the Council's culture and values the Code has been revised to reflect them and the Council's "Being the Change" document.

5 IMPACT ASSESSMENT – ADDITIONAL INFORMATION

N/A

6 PREVIOUS MINUTES

- 6.1 Cabinet 26th June 2014; 25th June 2015
Audit Committee 30th June 2014; 30th June 2015

7 BACKGROUND PAPERS

Local Code of Corporate Governance May 2008

CIPFA/SOLACE - Application Note to Delivering Good Governance in Local Government: a Framework March 2010

CIPFA/SOLACE – Delivering Good Governance in Local Government Guidance Note for English Authorities 2012 Edition and Addendum

CIPFA/SOLACE – Delivering Good Governance in Local Government: Framework (2016 Edition)

KPMG Annual Audit Letter 2014/15

External inspection reports 2015/16

Annual Audit & Information Governance Report 2015/16

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