



Derby City Council

Audit and Accounts Committee
29 September 2015

ITEM 13

Joint Report of the Director of Governance and
the Head of Governance and Assurance

CIPFA/SOLACE Consultation

SUMMARY

- 1.1 To inform members that the CIPFA/SOLACE framework and guidance documentation on Good Governance in Local Government is currently being revised to make sure that local authority governance arrangements meet the needs of a changing environment.
- 1.2 The revised framework is based on an International framework for good governance in the public sector that was published in conjunction with CIPFA in 2014.

RECOMMENDATION

- 2.1 To note the report.

REASONS FOR RECOMMENDATION

- 3.1 This Committee is the responsible for reviewing the council's arrangements for corporate governance.

SUPPORTING INFORMATION

- 4.1 The CIPFA/SOLACE Joint Working Group on Good Governance in Local Government has recently consulted on a revised Framework for Delivering Good Governance in Local Government. The Council measures its governance performance against this framework.
- 4.2 Reductions in government funding to local authorities has led to Councils having to adapt the way in which they operate. It is therefore crucial that local authorities keep their governance arrangements up to date and relevant.

- 4.3 In response to this need, CIPFA and SOLACE are undertaking a fundamental review of the Framework: Delivering Good Governance in Local Government to ensure that it remains 'fit for purpose'. The revised Framework builds on the *International Framework: Good Governance in the Public Sector (CIPFA/IFAC 2014)*.
- 4.4 The current CIPFA/SOLACE framework was based on "The Good Governance Standard for Public Services" published in 2004. The Standard comprised six core principles of good governance, each with its supporting principles. The Council's Local Code of Governance is based on these 6 principles.
- 4.5 The International Framework emphasises that "Good governance in the public sector encourages better informed and longer-term decision making as well as the efficient use of resources. It strengthens accountability for the stewardship of those resources. Good governance is characterized by robust scrutiny, which places important pressures on improving public sector performance and tackling corruption. Good governance can improve organizational leadership, management, and oversight, resulting in more effective interventions and, ultimately, better outcomes."
- 4.6 The core principles and sub principles from the *International Framework* have been adapted for the local government context and translated into a series of expected behaviours and outcomes which demonstrate good governance in practice. The principles in the consultation draft form a standard for good governance and a shared understanding of what constitutes good governance across local government.

4.7 The core principles are set out below:

Acting in the public interest requires:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- B. Ensuring openness and comprehensive stakeholder engagement

In addition to the overarching requirements for acting in the public interest in principles A and B, achieving good governance in the local government also requires effective arrangements for:

- 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

4.8 To achieve good governance, each local authority should be able to demonstrate that its governance structures are consistent with the core and supporting principles contained in this Framework.

4.9 The consultation closed on 28 September. It is envisaged that the revised Framework would apply from the financial year 2015/2016.

OTHER OPTIONS CONSIDERED

5.1 None.

This report has been approved by the following officers:

Legal officer	n/a
Financial officer	n/a
Human Resources officer	n/a
Estates/Property officer	n/a
Service Director(s)	n/a
Other(s)	Chief Officer Group

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Background papers:	None
List of appendices:	Appendix 1 – Implications

IMPLICATIONS

Financial and Value for Money

- 1.1 None arising from this report

Legal

- 2.1 None arising from this report

Personnel

- 3.1 None arising from this report

IT

- 4.1 None arising from this report

Equalities Impact

- 5.1 None arising from this report

Health and Safety

- 6.1 None arising from this report

Environmental Sustainability

- 7.1 None arising from this report

Property and Asset Management

- 8.1 None arising from this report

Risk Management

- 9.1 The effective management of risk is a core principle of good governance.

Corporate objectives and priorities for change

- 10.1 The governance framework underpins the achievement of the Council's objectives.