



# delivering good governance

in Local Government: Framework



CIPFA, the Chartered Institute of Public Finance and Accountancy, is the professional body for people in public finance. Our 14,000 members work throughout the public services, in national audit agencies, in major accountancy firms, and in other bodies where public money needs to be effectively and efficiently managed.

As the world's only professional accountancy body to specialise in public services, CIPFA's qualifications are the foundation for a career in public finance. We also champion high performance in public services, translating our experience and insight into clear advice and practical services. Globally, CIPFA shows the way in public finance by standing up for sound public financial management and good governance.

Solace (Society of Local Authority Chief Executives and Senior Managers) is the representative body for senior strategic managers working in the public sector. We are committed to public sector excellence. We provide our members with opportunities for personal and professional development and seek to influence the debate about the future of public services to ensure that policy and legislation reflect the experience and expertise of our members.

## **CONSULTATION ON DELIVERING GOOD GOVERNANCE IN LOCAL GOVERNMENT**

### **Introduction**

Political leaders and chief executives have a leadership responsibility and are accountable for ensuring good governance in their authority. Authorities must be able to demonstrate compliance with the principles of good governance. It is essential that staff are able to carry out the governance review process effectively and that they receive appropriate support in this task. To assist in developing authorities' approach to good governance CIPFA/SOLACE issued *Delivering Good Governance in Local Government: Framework* and accompanying guidance note in 2007. There followed an Addendum published in 2012 with additional guidance.

### **Background**

Local government continues to undergo significant change and the environment in which it works is increasing in complexity. Since 2010, local government has coped with unprecedented budget cuts. It has been subject to the Localism Act and other key legislation which have brought about greater flexibility as well as new responsibilities including public health.

Local authorities can have a significant role in promoting economic growth in their areas whether through working with Local Enterprise Partnerships, through combined authorities or through other types of delivery vehicle. The introduction of new structures and ways of working provides opportunities for local leadership for authorities as well as challenges for managing risk, ensuring transparency and demonstrating accountability. It is important that a consistent focus of what is required in local areas is developed and maintained.

Good governance enables an authority to pursue such a vision effectively as well as underpinning that vision with control and the management of risk. A one-size-fits-all approach to governance is inappropriate. Local governance arrangements must be proportionate to the risks involved.

### **Delivering Good Governance in Local Government : Framework**

The Framework urges each local authority to test their approach by:

- reviewing existing governance arrangements
- developing and maintaining an up-to-date local code of governance including arrangements for ensuring ongoing effectiveness
- reporting publicly on compliance with their own code on an annual basis and on how they have monitored the effectiveness of their governance arrangements in the year and on planned changes.

### **Consultation**

To ensure the Framework remains 'fit for purpose' the CIPFA/SOLACE Joint Working Group is reviewing the Framework in 2015. The Working Group will also be developing a revised guidance note. The purpose of this consultation is to see how the Framework and guidance have been working in practice and to see where further clarification or guidance is required. The aim is to publish an updated Framework and guidance in late 2015. Consultation questions on *Delivering Good Governance in Local Government: Framework and accompanying guidance note*

Q1	<p>Are you familiar with the CIPFA/SOLACE Framework : Delivering Good Governance in Local Government?</p> <p>The CIPFA/SOLACE governance framework has been embedded into Sandwell Council’s governance arrangements. In accordance with the framework we have a clear vision of the purpose of the authority and the outcomes. We have developed score card priorities which go to the core of the work the authority does and how it positively affects residents and stakeholders. The Authority is clear on the roles and responsibilities of both officers and chief officers and there are effective codes of conducts for both officers and members and associated documents which are periodically reviewed.</p>	YES
Q2	<p>Are you aware that the preparation and publication of an annual governance statement in accordance with the Framework is necessary to meet the requirement set out in the Code of Practice on Local Authority Accounting in the UK ?</p> <p>The authority prepares an annual governance statement which is the overall responsibility of the Assistant Chief Executive. The annual governance statement is prepared with consultation with the Chief Financial Officer, the Head of Internal Audit and Risk Management. The authority is both critical and positive in its annual governance statement ensuring that lessons can be learnt from the previous year to mitigate any risk or improve governance arrangements. The statement is also reviewed by our external auditors KPMG as part of the statement of accounts to ensure it complies with the CIPFA/SOLACE framework and that the information within the statement is consistent with their understanding of the council’s operations and governance arrangements.</p>	YES
Q3	<p>Has the Framework been used in your authority to review governance arrangements and practices ?</p> <p>This is overseen by the governance statement working group. The framework has been used to test the council’s arrangements against those of the framework and scored to assess where significant gaps may exist which require improvements. Any significant gaps are reported through the AGS.</p>	YES
Q4	<p>With regard to question 3, if you answered yes, overall, did you find the Framework easy to use ?</p> <p>In relation to the framework certain elements of it are very easy to use but it does need to be updated to bring it into line with the changing landscape of local government.</p>	

	<p>Please rate this on the following scale of 1- 5 (where 1 = not easy at all and 5 = very easy to use)</p> <p>1            2            3            4            5</p>	<p>Please indicate :</p> <p>4</p>
Q5	<p>The guidance notes were updated in 2012. Did you find them useful ?</p>	
	<p>Please rate this on the following scale of 1- 5 (where 1 = not useful at all and 5 = very useful)</p> <p>1            2            3            4            5</p>	<p>Please indicate :</p> <p>4</p>
Q6	<p>The Framework suggests that the six core principles have supporting principles which in turn translate into a range of specific requirements that should be reflected in authorities' local codes. Did you find this difficult for any of the six core principles ?</p>	NO
	<p>If yes, please rate this on the following scale of 1- 5 (where 1 = not difficult at all and 5 = very difficult to use)</p> <p>Principle A      1      2      3      4      5</p> <p>Principle B      1      2      3      4      5</p> <p>Principle C      1      2      3      4      5</p> <p>Principle D      1      2      3      4      5</p> <p>Principle E      1      2      3      4      5</p> <p>Principle F      1      2      3      4      5</p>	<p>Please indicate :</p> <p>4 for all</p>

Q7	<p>Does your authority have in place arrangements for ensuring the implementation and ongoing application of its code of governance ?</p> <p>Compliance with the code is reviewed on a regular basis by the GSWG. This is further supported through the council's assurance framework which is detailed in the AGS. Where significant gaps and governance issues may arise, an action plan is developed and the progress made on the implementation of these actions is reported to the Audit Committee on a regular basis.</p>	YES
Q8	<p>With regard to question 7, in your view are these arrangements working effectively ?</p> <p>Please rate effectiveness on the following scale of 1- 5 (where 1 = not effective and 5 = very effective)</p> <p>1            2            3            4            5</p> <p>New arrangements are being tested</p>	<p>Please indicate:</p> <p>4</p>
Q9	<p>If the arrangements are not working effectively, can you briefly indicate, in your view, why not ?</p> <p>Identified gaps can take a lot of time and work to implement</p>	
Q10	<p>Has your authority outlined planned changes to its governance arrangements in the annual governance statement ?</p> <p>The AGS focusses on matters from the current year and is also forward looking and includes any significant changes ahead. The AGS is reviewed again prior to its publication to ensure it continues to capture any significant changes after the year end to which it relates too.</p>	YES
Q11	<p>Does your authority's annual governance statement confirm that the authority's arrangements conform to CIPFA's guidance on :</p> <ul style="list-style-type: none"> <li>• The role of the chief financial officer</li> <li>• The role of the head of internal audit</li> </ul> <p>Yes this confirmation is included and a report to the Audit Committee and the council's external auditors is also provided detailing the evidence upon which this confirmation is based.</p>	YES

Q12	Was your external auditor satisfied with the governance arrangements in place ?	YES
Q13	Do you have any suggestions on how the Framework and/or guidance notes could be improved in the next edition ?	
	Although CIPFA state that one size does not fit all, it would be useful to provide examples of what they perceive to be good Annual Governance Statements and why.	
Q14	Are there any other aspects or particular issues that you think the Framework and/or guidance note should address ?	NO
Q15	Do you use the Framework in any other context ?	NO
Q 16	How influential is the code with senior management and councillors in your authority ? The code receives sign off by senior officers and councillors.	
	Please rate influence on the following scale of 1- 5 (where 1 = not very influential and 5 = very influential) 1            2            3            4            5	Please indicate:  3
Q17	Do senior managers and members review and sign off the code ?	YES

Q18	Please indicate your role in your organisation	
	<ul style="list-style-type: none"> <li>• Chief executive</li> <li>• Chief financial officer</li> <li>• Monitoring officer</li> <li>• Head of internal audit</li> <li>• Head of corporate governance</li> <li>• Other (please specify)</li> </ul>	Head of Internal Audit and Risk Management

Many thanks