

Report to: Cabinet, 11th June 2013

Report of: Monitoring Officer

Subject: ANNUAL GOVERNANCE STATEMENT 2012/13

1. Decision Required

- 1.1 For Cabinet to consider the Annual Governance Statement and to consider comments from Audit Committee in respect of the Annual Governance Statements. Subject to any amendments arising from this meeting that Cabinet agree that the Leader of The Council and the Managing Director sign off the final statement for inclusion in the annual statement of accounts.
- 1.2 To recommend that Cabinet approve and publish a revised local code of corporate governance

2. Background

- 2.1 The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. In discharging these responsibilities, the Council must ensure that there is good governance and a sound system of internal control in place, which facilitate the effective exercise of the Council's functions and which include arrangements for the management of risk.
- 2.2 The Council's governance arrangements have been reviewed by the Corporate Governance Assurance Board throughout 2012/13 and an Annual Governance Statement (AGS) has been drafted and is attached to this report at **Appendix A**. The attached AGS is laid out in accordance with CIPFA guidance.
- 2.4 The AGS is a document which provides the Council and its stakeholders with;
 - Information about the arrangements in place for good governance and the robustness of those arrangements, and
 - An assurance about the degree of compliance and the need for improvement in governance arrangements.
- 2.5 The Council's Internal Audit Manager has also considered the Council's governance arrangements and internal control framework and his opinion is included below.

"Based on the audits performed in accordance with the approved revised audit plan the Worcester Internal Audit Shared Services Acting Service Manager concludes that the Council's governance framework arrangements during 2012/2013 have not always provided full assurance but outstanding issues were being addressed as part of the process of continuous improvement."
- 2.6 The overall picture demonstrates continued progress and a sustained focus on improving the Council's governance arrangements.

There are however, areas where improvements still need to be made and these are outlined in section 5 of the AGS which sets out the focus for improvements in governance arrangements in 2013/14.

- 2.7 The Corporate Governance Assurance Board and the Audit Committee will continue to monitor progress on actions to improve and will review the effectiveness of governance arrangements during 2013/14.
- 2.8 In line with previous years the draft AGS is being presented to the Audit Committee on 10 June 2013, to enable the Committee to carry out a review and provide any feedback. In accordance with proper practice any such feedback will be provided to the Cabinet at its meeting on 12th June to enable any suggested amendments to be considered. The Leader of the Council and the Managing Director will be asked to sign the statement on behalf of the Council. The agreed statement will accompany the draft Statement of Accounts which will be signed off by the S151 Officer by 30th June 2013.

3. Local Code of Corporate Governance

- 3.1 As stated in the AGS, Worcester City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Worcester City Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 3.2 Good governance supports good management, good performance, good stewardship of public money, good public engagement and ultimately good outcomes for local people and service users. Good governance enables the Council to pursue its vision effectively and underpin that vision with mechanisms to manage risk. Governance arrangements should be sound and be seen to be sound.
- 3.3 Worcester City Council has previously approved and adopted a Code of Corporate Governance, which was consistent with the principles of the CIPFA/SOLACE Framework for Corporate Governance in Local Government: A Keystone for Community Governance. at the time of its adoption. This framework was revised in 2007 and replaced by the CIPFA SOLACE Framework Delivering Good Governance in Local Government. In December 2012 further revised guidance and an addendum were issued and the Council's local code of Corporate Governance has now been reviewed and updated in line with this revised guidance.
- 3.4 The code is a public statement that sets out the way the Council will meet its commitment to demonstrating that it has the necessary Corporate Governance arrangements in place to perform effectively. It represents a key component of the Council's governance arrangements. It applies to all Council members, Officers, Partners and Stakeholders in their dealings with the Council. Before the review of the Constitution in 2011/12 the code was included in part 5 Codes and Protocols of the Constitution. The Council is not required to include the local code in the constitution and it is proposed that this revised code is published separately on the Council's website.

3.5 The revised Code has been completed following the completion of the annual review of the effectiveness of the Council's corporate governance arrangements and is attached at Appendix B to this report. This revised version will be considered by the Audit Committee at its meeting on 10 June 2013 and any comments or suggested amendments will be tabled at the Cabinet meeting on 11 June 2013 for consideration.

4. Policy, Legal, Financial, Equalities and Risk Management Implications

4.1 **Policy:** The Council operates through a governance framework which brings together legislative requirements, governance principles and management processes. This framework defines the principles which underpin the Council's governance.

4.2 **Legal:** The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control.

4.3 **Equalities:** None directly arising from the AGS.

4.4 **Financial:** None directly arising from the AGS.

3.5 **Risk Management:** Poor governance arrangements will adversely affect the Council's reputation and ability to deliver corporate and service priorities. The Corporate Governance Assurance Board is responsible for ensuring that good governance is in place and an action plan implemented in areas where improvements need to be made.

4. Comments of the Monitoring Officer

4.1 The Corporate Governance Assurance Board has continued work during 2012/13 to further develop, enhance and embed the Council's corporate governance arrangements throughout the organisation. Subject to agreement, the Board will monitor the implementation and operation of the 2013/14 action plan and report progress to the Audit committee after six months and at the end of the financial year.

5. RECOMMENDATION:

1. **That Cabinet approves the Annual Governance Statement and recommends its adoption and sign off by the Leader of the Council and the Managing Director.**

2. **That Cabinet consider and approve the revised local code of Corporate Governance.**

Ward(s): N/A
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Background Papers: CIPFA Solace Delivering Good Governance in Local Government Framework