



ESPO MANAGEMENT COMMITTEE – 27 JUNE 2013

DRAFT ANNUAL GOVERNANCE STATEMENT

**REPORT OF THE CONSORTIUM SECRETARY AND
CONSORTIUM TREASURER**

Purpose of Report

1. To present to members the draft Annual Governance Statement for 2012-13 prior to final consideration by the Management Committee at its meeting on 26 September 2013.

Background

2. The Framework 'Delivering Good Governance in Local Government', published by CIPFA in association with SOLACE in 2007, sets the standard for local authority governance in the UK and the requirement to produce an Annual Governance Statement (AGS). CIPFA and SOLACE reviewed the Framework in 2012 to ensure that it remains 'fit for purpose' and issued revised guidance.
3. The Framework urges local authorities to review and report on the effectiveness of their governance arrangements, with an increased emphasis on a strategic approach focusing on outcomes and value for money, driven by the significant change being experienced in local government and the introduction of other key legislation. As ESPO is constituted as a joint committee of local authorities, it is required to be the subject of an Annual Governance Statement. The AGS is an important statutory requirement which enhances public reporting of governance matters.
4. The process for preparing the Annual Governance Statement was the subject of a high importance (HI) internal audit recommendation in May 2012. The process has thus been completely revised and updated to include the latest recommendations from CIPFA and SOLACE. ESPO has approved and adopted a code of corporate governance which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*.

Outcomes of Revised Process for Preparing Annual Governance Statement

5. The new AGS is structured around the six core principles of good governance as follows:

PRINCIPLE A: Focusing on the purpose of the organisation and on outcomes for our stakeholders and implementing a vision for the future.

PRINCIPLE B: Members and officers working together to achieve a common purpose with clearly defined functions and roles.

PRINCIPLE C: Promoting values for the organisation and demonstrating the values of good governance through upholding high standards of conduct and behaviour.

PRINCIPLE D: Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.

PRINCIPLE E: Developing the capacity and capability of members and officers to be effective.

PRINCIPLE F: Engaging with stakeholders to ensure robust public accountability.

6. For each of the six core principles the following have been identified:
 - Governance Mechanisms
 - Assurances Received
 - Weaknesses identified
7. To ensure the Annual Governance Statement presents an accurate picture of governance arrangements currently in place, each SMT member was required to complete a 'Governance Self-Assessment', which provided details of the measures in place within their department to ensure compliance (or otherwise) with ESPO's Code of Corporate Governance. Where departments have identified specific 'areas of improvement', these are incorporated into a departmental action plan to discuss and prioritise implementation during the course of the next financial year.
8. A review of the effectiveness of the governance framework, including the system of internal control, has been carried out by the Head of Internal Audit Service. His findings are included in the report and indicate that there has been a substantial strengthening of ESPO's governance arrangements and the general direction of travel for future governance arrangements is positive.
9. A number of areas for improvement have been identified indicative of the more robust approach taken this year. Progress against these areas of improvement will be reported to members.
10. The Code of Practice in Local Authority Accounting states that the AGS should relate to the governance system as it applied to the financial year for the accounts that it accompanies. However, significant events or developments relating to the governance system that occur between the Balance Sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer should also be reported. Therefore, in the event of the above occurring, the AGS presented as Appendix 1 would

change. Details would, of course, be reported to members of the Committee for information.

Resources Implications

11. None.

Recommendation

12. Members are asked to:

- a) Review the draft AGS (Appendix 1);
- b) Consider whether it is consistent with the Committee's own perspective on internal control within the Authority;
- c) Consider the governance issues and confirm whether the proposed actions and improvement areas detailed in section 4 of the AGS are acceptable;
- d) Approve ESPO's 2012/13 Annual Governance Statement, [noting that this may be subject to such changes as are required by the Code of Practice in Local Authority Accounting].

Equal Opportunities Implications

13. None

Officer to Contact

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Appendices

Draft Annual Governance Statement 2012-13

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