



Belfast City Council

Report to:	Strategic Policy and Resources Committee
Subject:	Belfast City Council – Code of Governance
Date:	13 May 2008
Reporting Officer:	Andrew Wilson, Head of Audit, Governance and Risk Services
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Relevant Background Information

At the Audit Panel meeting of 2 April 2008, the Head of Audit, Governance and Risk Services presented a paper entitled "Annual Governance Statement 2007/08." The paper dealt with the implications for the Council of DoE Circular No LG/04/08. The Circular provides guidance to local authorities on how to implement the Local Government (Accounts and Audit) (Amendment) Regulations (NI) 2006. To recap, one of the key requirements of the Regulations is that the Council must conduct a review each year of the effectiveness of its system of internal control and prepare a 'governance statement' to this effect in accordance with 'proper practices.' This statement will be signed off as part of the annual accounts. The Head of Audit, Governance and Risk Services submitted a separate report to the Strategic Policy and Resources Committee meeting of 18 April 2008 drawing attention to the reporting and 'sign-off' arrangements.

The DoE Circular refers councils to the CIPFA / SOLACE Framework 'Delivering Good Governance in Local Government' as guidance containing 'proper practices' with regard to an effective system of internal control / governance. The Framework is recommended as best practice for developing and maintaining a local code of governance and for discharging accountability for the proper conduct of public business, through the publication of an annual governance statement that will make the adopted practice open and explicit.

The purpose of this report is to apprise members as to:

1. The content of the CIPFA / SOLACE Framework 'Delivering Good Governance in Local Government'
2. The specific actions that the Council has taken / proposes to take to meet the requirements of the CIPFA / SOLACE Framework, in particular, the adoption of a local Code of Governance. Members are asked to approve this Code.

Key Issues

1. CIPFA / SOLACE Framework 'Delivering Good Governance in Local Government'

Governance, in the context of local government, is about how a council ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, culture and values, by which the Council is directed and controlled and through which it accounts to, engages with and, where appropriate, leads its community.

The CIPFA / SOLACE 'Good Governance in Local Government: A Framework' was published in July 2007 and represents best practice for developing and maintaining a local code of governance and making adopted practice open and explicit. It sets out 6 principles of good governance:

1. Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.
2. Members and officers working together to achieve a common purpose with clearly defined functions and roles.
3. Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
4. Taking informed transparent decisions which are subject to effective scrutiny and managing risk.
5. Developing the capacity and capability of members to be effective and ensuring that officers – including the statutory officers - also have the capability and capacity to deliver effectively.
6. Engaging with local people and other stakeholders to ensure robust local public accountability.

The guidance recommends that councils develop and implement a Code of Governance based on the above principles and recommends that councils:

- (a) Review existing governance arrangements against the Framework
- (b) Develop and maintain an up to date local code of governance, including arrangements for ensuring its ongoing application and effectiveness
- (c) Prepare a governance statement in order to report publicly on the extent to which they comply with their own code on an annual basis, including how they have monitored the effectiveness of their governance arrangements in the year, and on any planned changes in the coming period.

2. Belfast City Council – Actions Taken and Proposed to Meet Requirements of CIPFA / SOLACE Framework

Action Taken / Proposed to meet the requirements of the CIPFA / SOLACE Framework

- (a) Audit Governance and Risk Services (AGRS) has assessed the Council's governance arrangements against the CIPFA / SOLACE Framework. This review found that, while the Council already has many arrangements in place for good governance, there was scope for further improvements (see (b) below).

- (b) We have developed a draft Code of Governance for Belfast City Council based on the 6 core principles set out in the CIPFA Solace Framework. This is attached at Appendix 1. Appendix A to this Code is a table summarising the key systems, processes and documents that provide evidence of compliance with the core and supporting governance principles, along with the individual or committee responsible for monitoring and reviewing the same. In addition, the table summarises the planned improvement actions (as per the corporate value creation map) that will strengthen governance arrangements. The majority of the planned improvement actions set out within our Code have been taken from the corporate Value Creation Map, so there is no significant additional resource required in terms of implementing improvement actions. **We are recommending that the Audit Panel approves the adoption of this Code of Governance.**
- (c) We have provided a high level one page summary showing the measures that the Council has in place or is developing to address the key principles of our Code. This is attached at Appendix 2.
- (d) the Council will produce an annual governance statement from 2007/08. In line with DoE requirements, this will comply fully with the CIPFA / SOLACE Framework by 1 April 2009.
- (e) In addition, from 2008/09, AGRS will undertake an annual review of our Code to ensure that the Council is complying with it. The results of this review will be reported to the Audit Panel and will inform the preparation of the Annual Governance Statement. It will form one of the assurances that senior managers and Members receive on the Council's internal control environment.

Resource Implications

There are no significant resource implications.

Recommendations

That the Audit Panel **approves** the proposed Belfast City Council Code of Governance, as set out at Appendix 1 to this report.

The Audit Panel should note the one page summary of the Council's Governance arrangements, as set out at Appendix 2.

Key to Abbreviations

AGRS – Audit, Governance and Risk Services
CIPFA – Chartered Institute of Public Finance and Accountancy
DoE – Department of the Environment
HR – Human Resources
KPIs – Key Performance Indicators
LGA – Local Government Auditor
OPM – Office for Public Management
SOLACE – Society of Local Authority Chief Executives
VCM – Value Creation Map
VFM – Value for Money
WDP – Workforce Development Plan

Documents Attached

Appendix 1 – BCC Code of Governance (including Appendix A of the Code)
 Appendix 2 – Good Governance in BCC – A Summary

