

**CORPORATE AFFAIRS COMMITTEE**

A meeting of the Corporate Affairs Committee was held on 3 June 2009.

**PRESENT:** Councillor Clark (Chair), Councillors Brunton, Elder, McPartland, Mrs H Pearson OBE and Purvis.

**OFFICERS:** B Baldam, S Harker and P Slocombe.

**\*\*ALSO IN ATTENDANCE:** C Craig, Director, Assurance and Advisory, Deloitte.

**\*\* DECLARATIONS OF INTEREST**

No declarations of interest were made at this point of the meeting.

**\*\*MINUTES**

The minutes of the meeting held on 13 May 2009 were taken as read and approved as a correct record.

**ANNUAL GOVERNANCE STATEMENT 2008/2009**

A report of the Director of Resources was presented in relation to the Annual Governance Statement 2008/2009.

Under the Corporate Governance Framework the Council was required to undertake regular, and at least annual, reviews of their governance arrangements to ensure continued compliance with best practice. The frequency of reviews could be increased for example to every six months, if required. The Council had established a Corporate Governance Team responsible for managing the process by which the annual review of corporate governance was conducted.

The Annual Governance Statement was compiled following a review by the Governance Team of the effectiveness of the Council's systems of internal control and governance arrangements. This involved the most Senior Officers within Services, as well as Officers with specific responsibilities for Internal Audit, Risk Management and the professional conduct of Officers and Members.

The statement related to the governance arrangements as applied during the 2008/2009 financial year. However, significant events or developments that occurred after this year could also be included.

The Statement of Recommended Practices (SORP) 2006 which local authorities were required to adhere to in the compilation of their accounts extended the scope of the annual governance review to cover relationships with organisations where the control/involvement by the Council is significant. Organisations identified under these arrangements included CADCAM and the Hustler Playing Fields Trust. Both organisations had also completed a service assurance statement for 2008/2009 and neither had identified any issues which would be separately reported in the Annual Governance Statement.

As in the previous year, the Council's partnership arrangements were reviewed using the partnership matrix provided in the framework guidance, to identify which were key to its operation and which were minor. The criteria used to review the partnerships were summarised in the submitted report. The Council identified its key partnerships in the report and classified them into Four areas which were Contractual, Strategic Delivering Major Projects and Delivery Partners .

The Middlesbrough Local Strategic Partnership (LSP) was reviewed during 2008/2009 to ensure that it was fit for purpose and able to respond to the implications arising from the Local Government White Paper - Strong and Prosperous Communities. The review was concluded in Autumn 2008 and led to a number of changes in the structure of the Partnership and the way it performed its functions, to ensure that it was able to respond to the strategic agenda.

An initial review had been undertaken of representation on Outside Bodies using the Members' Register as a basis. The responses received as part of the review were assessed using a similar matrix to the one used to evaluate the Council's strategic partnerships. A schedule of findings from the review were shown at Appendix B to the submitted report. The review would continue during 2009/2010 and the results would be reported to the Corporate Affairs Committee.

The partnerships at Appendix B to the submitted report had been evaluated subject to certain questions. It was agreed that it would be useful to include an evaluation of whether there were any barriers to the effectiveness of the partnerships and outside bodies.

The Children's Trust and the Botanic Centre Middlesbrough Limited Board (Nature's World) had been identified as areas for review during the next year and it was noted that they had also been suggested as topics to be addressed by the relevant Scrutiny Panels.

It was noted that from time to time reviews on the overall impact of Community Councils were undertaken. Community Councils received approximately £3000 of funding annually from the Council. Rules and guidance were issued and the Community Councils' accounts were audited by the Internal Auditor every year. The Council had invested in training and a ten week course was available for Community Councils to skill-up people and assist them in ensuring the funds were properly managed.

The Council had implemented a number of other developments designed to ensure improvements in risk management, performance, financial management and governance. The Standards Committee had also continued to contribute to the improvement of the control environment by considering key items, for example, a review of the Member/Officer Protocol.

The Deputy Director of Resources gave an overview of the Corporate Governance Statement and highlighted the significant changes over the past twelve months.

The Council and its partners had a well established, clear and ambitious long-term vision for the town, which was articulated in a number of key strategy documents including the Local Area Agreement (LAA) 2008. The LAA's starting point was the Sustainable Community Strategy (SCS) 2008 and it identified strategic priorities, priority outcomes and associated indicators and targets. Both the Sustainable Community Strategy and the LAA were structured around outcomes and targets reflecting both local needs and national priorities. The SCS was the Council's long term vision and the LAA had a three-year timescale.

Executive roles had recently been revised and a revised portfolio of the Deputy Mayor and Executive Member for Regeneration and Economic Development had been implemented.

The Council regularly undertook reviews of progress against its corporate plans and objectives. The Council's Strategic Plan was a three-year plan but was reviewed annually and reported through the Performance Management Clinics. The delivery plan for the Sustainable Community Strategy was also reviewed annually. An Annual Report would be published for 2008/2009 setting out the key achievements during that year and plans for 2009/2010 along with financial summaries and capital investment summaries. This Report would be published in the Middlesbrough News.

A significant amount of time had been expended on value for money and the Council had been one of the most successful in the country in achieving value for money savings and re-investing them into front line services. The Council had developed a Value for Money Strategy to enable it to continue to develop and build on existing structures and processes.

The Council recognised that good governance was underpinned by shared values and demonstrated in the behaviour of its Members and staff. The standards of conduct and behaviour expected of Members and Officers were clearly set out in the respective Codes of Conduct and training programmes were in place. The Codes of Conduct were regularly reviewed and monitored.

A strong scrutiny regime existed within the Council and had been widely recognised for the quality of work, led by the Overview and Scrutiny Board.

The Council continued to progress the development and embedding of risk management both corporately and across all service areas. The Risk Management Policy had been reviewed in October 2008 and partnership risk was now included. Risks were reviewed and reported quarterly and some would remain as significant risks, for example Equal Pay and Building Schools for the Future. Building Schools for the Future had been down-graded as a risk since contracts had been agreed and the project was currently within budget. Quality Impact Assessments appeared more frequently on the risk register as the Council had to be more robust in making assessments. Any new legislative changes and the impact of less funding available from Central Government was on the risk register. The impact of the credit crunch appeared on the risk register, as clearly there was a very high impact on the local economy, development and retail.

Internal Audit provided management with assistance and independent guidance on systems, processes and risks and formed a view on the strength of the key controls and the overall control framework. A major development to strengthen the internal control system was the establishment of the Audit Committee in 2007. Any issues identified were brought to the attention of the Audit Committee. During the past twelve months no significant problems had been identified by Internal Audit. Members of the Audit Committee had received extensive training over the past twelve months to enable them to effectively provide independent assurance of the adequacy of the internal control environment and oversee the financial reporting process.

The Council was committed to developing the capacity of Members and Officers to ensure they had the necessary skills and knowledge to be effective in carrying out their responsibilities. Learning and development needs were met through training, e-learning and other methods. The Members' Office Manager was currently developing training for Officers to assist them in producing effective reports and giving presentations specifically with regard to attendance at scrutiny panels and committees.

With regard to engaging with local people and stakeholders a robust consultation and communication process was in place through the Community Consultation Strategy and the Community Engagement Framework.

The significant internal control issues raised in the 2007/2008 statement and the actions taken during 2008/2009 to address them were highlighted. Areas of concern which arose during 2008/2009 were highlighted around grants and it was confirmed that action plans were in place to address these areas.

On the basis of the self-audit processes and effectiveness reviews carried out to date, the Council was satisfied that, except for the areas of concern listed in the report, all corporate governance procedures, including the systems of internal control, were adequate and were operating effectively.

It was suggested that in order to improve corporate effectiveness an overall summary/assessment of the six core principles could be included in the report. Whilst this was not required under the Code of Practice it was agreed that this would add value to the Corporate Governance Statement.

**ORDERED** as follows that:

1. The Annual Governance Statement 2008/2009 be received and noted.
2. The criteria for the continuing Outside Bodies Review set out at paragraph 14 of the submitted report be approved.
3. The reported Internal Control Issues Section within the Statement and summarised in paragraph 20 of the submitted report be noted.
4. An evaluation of whether there were any barriers to the effectiveness of partnerships and outside bodies would be included in future reviews.
5. An overall summary/assessment of the six core principles underpinning the governance arrangements of the Council would be included in future Corporate Governance Statements.