

Meeting:	Cabinet
Date:	28 July 2005
Subject:	Corporate Governance Update
Responsible Officer:	John Robinson – Director of Corporate Governance
Contact Officer:	Myfanwy Barrett – Director of Financial and Business Strategy
Portfolio Holder:	Sanjay Dighé
Key Decision:	No
Status:	Part 1

Section 1: Summary

Decision Required

To approve the framework on Corporate Governance and note the actions for 2005/06

Reason for report

To update Members on the Council's Corporate Governance Framework

Benefits

Clarity about the Council's governance arrangements

Cost of Proposals

None

Risks

None associated with noting the report.

Implications if recommendations rejected

The Corporate Governance Framework will not have the support of the Executive.

Section 2 - Report

1. The Council's objectives are set out in the Corporate Plan (and the diagram in Appendix 1, taken from the Corporate Plan, shows the Planning and Performance Management Framework). As noted in the Corporate Plan the Council has a formal process that it uses to actively manage opportunities and risks effectively. It is vital that the Council has robust governance arrangements in place as these arrangements support delivery and help to mitigate risk.
2. Effective governance is increasingly important for Harrow as the Council is entering into increasingly diverse and complex partnerships and services are delivered using a variety of models. Developments such as the Business Transformation Partnership, joint working with the PCT on adult services, the establishment of Children's Trusts, area delivery and changes to schools funding arrangements all require effective governance to ensure that service delivery is maximised.
3. A position statement on corporate governance was previously presented to both Audit Committee and Overview and Scrutiny Committee. The report was also included in the paperwork for the June Cabinet meeting with the reference from the Audit Committee. This report is forward looking and includes actions for 2005/06.
4. The aim of this report is to:
 - Set out the Council's governance framework using the six core principles established in the new standard
 - Show progress made in 2004/05 and work required in 2005/06 to improve the Council's governance arrangements

- Outline the ongoing arrangements for monitoring and reviewing governance
5. The Independent Commission on Good Governance in the Public Services was established by the Office for Public Management (OPM) and the Chartered Institute for Public Finance and Accountancy (CIPFA), in partnership with the Joseph Rowntree Foundation. The role of the commission was to develop a common code and set of principles for good governance across public services. The Commission published a standard late in 2004.
 6. The standard is intended to act as a guide to those concerned with the governance of public services, not only to help them understand and apply common principles of good governance but also to help them assess the strengths and weaknesses of current governance practice and improve it. Governance is dynamic: good governance encourages the public trust and participation that enables services to improve, bad governance fosters low morale and adversarial relationships that lead to poor performance or even, ultimately, to dysfunctional organisations.
 7. The standard comprises six core principles of good governance:
 - Good governance means focusing on the organisation's purpose and on outcomes for citizens and service users
 - Good governance means performing effectively in clearly defined functions and roles
 - Good governance means promoting values for the whole organisation and demonstrating the values of good governance through behaviour
 - Good governance means taking informed, transparent decisions and managing risk
 - Good governance means developing the capacity and capability of the Council to be effective
 - Good governance means engaging stakeholders and making accountability real
 8. Members will note that the standard is wide ranging and goes well beyond internal rules and regulations.
 9. The attached schedule (Appendix 2) lists each of these six principles, each with a number of supporting principles and the Council's Governance arrangements. There is naturally some overlap between the headings and, for example, the consultation strategy is mentioned once in section 6. This framework will be used for monitoring progress in future.
 10. The schedule shows lead officers for each item. However, it is important to note that there is shared responsibility for good

governance across Members and managers in the Council, and relevant partners and those with responsibility are also identified.

11. The schedule demonstrates that considerable progress was made on governance in 2004/05. Key achievements included:
 - Improvements to the medium term financial and service planning process
 - Publication of the community strategy
 - Development of the balanced scorecard approach to performance management
 - Introduction of new financial regulations and contract procedure rules
 - Introduction of purchasing cards
 - Middle Management Review
 - Achievement of Level 2 of the equality standard
 - Establishment of the Audit Committee
 - Successful implementation of the Freedom of Information Act
 - Initial work towards securing a business transformation partner
 - Review of the strategic risk register and development of Directorate risk registers
 - Phase 1 of the business portal
 - Strategic review of grants

12. However, Members will also note a number of areas where further work is required in 2005/06. The main workstreams are:
 - Publication and monitoring of the new Corporate plan
 - Further improvements in performance management
 - Production of the new annual efficiency statement
 - Further improvements in financial management
 - Review of the procurement strategy
 - Review of recruitment and selection
 - Refresh and redesign of the individual performance management system
 - Work to achieve level 3 of the equality standard
 - Implementation of the Business Transformation Partnership
 - Further work on risk management
 - Implementation of the Civil Contingencies and the development of a comprehensive business continuity plan
 - Enhanced training and development for Members and staff
 - Development of the community engagement strategy
 - Phase 2 of the business portal
 - Further work on the strategic review of grants

13. We will report progress on the development of this framework with the Strategic Performance report made to cabinet every quarter.

14. Members are invited to comment on any issues they wish to add to the action plan.

Consultation

No external consultation. This report will go to Overview and Scrutiny and the Audit Committee for further consultation with members.

Financial Implications

Financial controls are integral to the governance framework.

Legal Implications

Legal issues are integral to the governance framework.

Equalities Impact

The Council's duties in relation to equal opportunities are covered in the governance framework.

Section 3: Supporting Information/Background Documents

Appendices

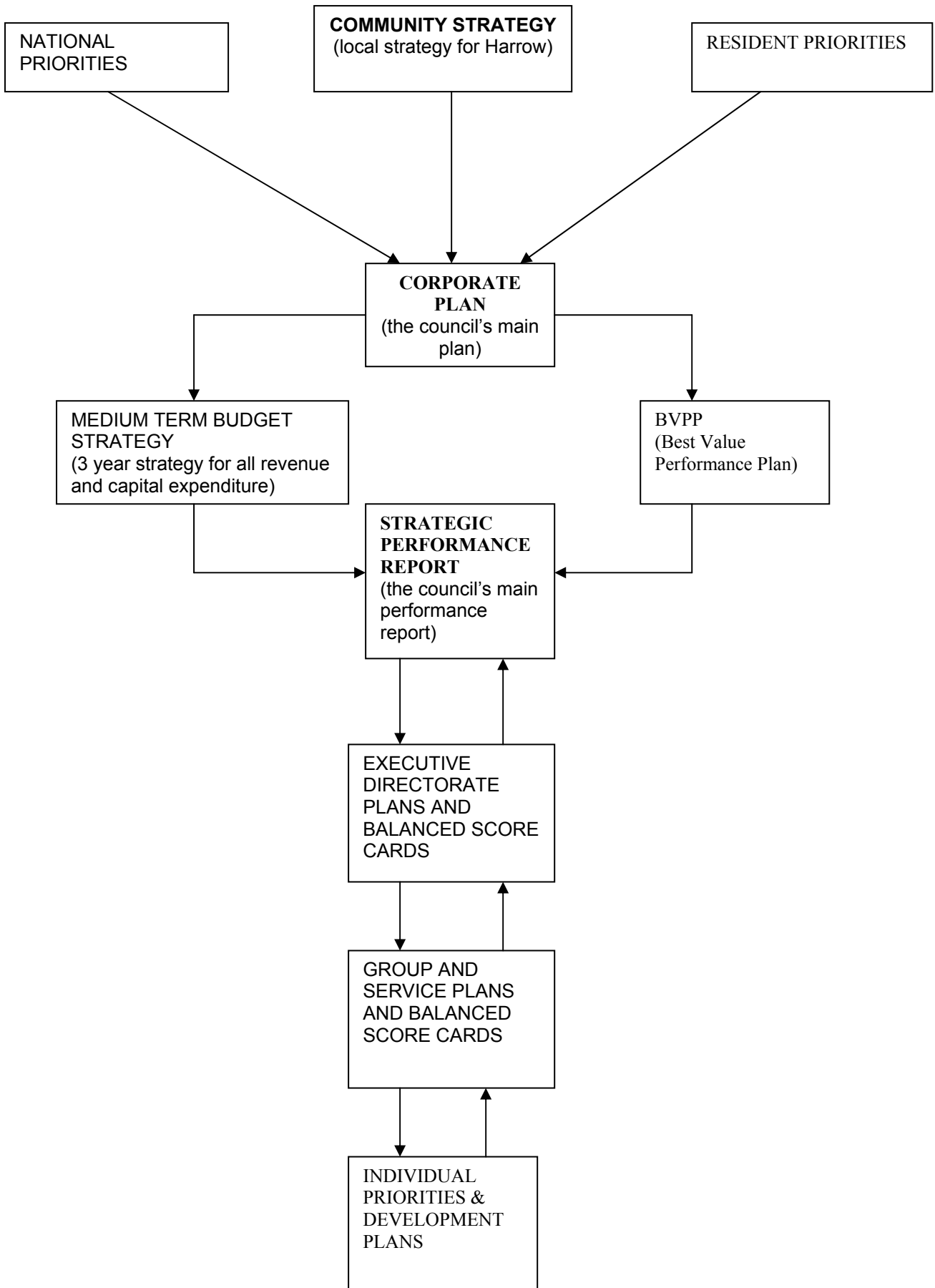
Appendix 1: Planning and Performance Management Framework

Appendix 2: Governance framework

Background Papers

Report to Overview and Scrutiny, 26 April 2005

Harrow Council's Planning and Performance Management Framework



Core Principle 1: Focusing on the organisation's purpose and outcomes for citizens and service users

Supporting Principle	Governance arrangements	Lead Officer	Partners/ those with responsibility	Comments/work carried out in 2004/05	Action Required in 2005/06 and key dates
Being clear about the organisation's purpose and its intended outcomes for citizens and users	Corporate Plan and service plans	Director – Organisational Performance	Executive and Senior Management Team	BVPP published. New corporate planning framework established. New corporate priorities agreed. Guidance issued to Directorates. Corporate and Service plans being developed.	Corporate plan published in June 2005 and service plans agreed for each Directorate. Implement monitoring arrangements.
As above	Community Strategy	Director – Organisational Performance	HSP, Executive and Senior Management Team	Community strategy published Management Groups established 12 early priorities identified through vitality profiles.	Develop Local Area Agreement by Feb 2006.
As above	CMT and Strategy Directors Board	Various		Corporate priorities and community strategy agreed. Strategy and programme board established.	Agree and monitor corporate plan. Programme management arrangements established.

Making sure that users receive a high quality service	Performance management system	Director – Organisational Performance	Executive, Senior Management Team	Balance scorecard framework established for whole Council with strong focus on customer impact. Strategic Performance Report quarterly to Cabinet. Executive Directorate scorecards established.	Publication of directorate scorecards. Implement regular monitoring of directorate scorecards.
Making sure that taxpayers receive value for money	CPA, Audit and Inspection regime	Director of Organisational Performance	Audit Commission, Directors of Strategy	Self assessment embedded in corporate and service planning. Including requirement to look at vfm.	Production of annual efficiency statement (forward look in April, backward look in June). Use of resources element of CPA to include value for money assessment (by 31 July). Programme of service reviews identified in corporate plan.
As above	Scrutiny function	Director of Organisational Performance	Overview and Scrutiny Members	Specifically this year review of budget process, NHP review and homecare review had strong vfm focus	Stronger focus on vfm in all reviews incorporated in scrutiny review guidance.

As above	Best Value review programme	Director of Organisational Performance	Best Value Advisory Panel members, Officers responsible for leading reviews	Focused BV programme implemented – including review of legal services, culture and monitoring of procurement, and first contact.	Review programme established through corporate planning.
As above	Effective financial management	Director of Financial and Business Strategy	Audit Committee, Senior management team	New financial regulations and contract rules issued, training provided to 500 staff. Improvements to e-financials. Professional training scheme introduced in Financial and Business Strategy	Use the CIPFA financial management model to carry out a self assessment; Develop comprehensive improvement plan (by end of December); Review of contract rules by end of December; Roll out further training to senior staff in August/September.
As above	Effective procurement	Director of Financial and Business Strategy	Senior management team	Purchasing cards rolled out. New corporate contracts and billing arrangements implemented. Work with Directorates to ensure best value from contracts	New procurement strategy to be developed and agreed by end of December. Further work on purchasing cards and corporate contracts. Joint work with WLA and CPE e-auctions

As above	Working with schools	Director of Financial and Business Strategy, Director of Learning and Community Development	Schools	Financial services and advice provided to schools to assist them in achieving value for money. Procurement support provided (eg, purchase of lap tops)	New Service Manager for Schools finance now in post and developing relationship further
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Core Principle 2: Performing Effectively in clearly defined functions and roles

Supporting Principle	Governance arrangements	Lead Officer	Partners/ those with responsibility	Comments/work carried out in 2004/05	Action Required in 2005/06 and beyond
Being clear about the functions of the Council	Constitution	Director of Corporate Governance	Executive and Senior Management Team	-	Review the constitution including a review of procedural rules and the work of the Council
Being clear about the responsibilities of Councillors and Chief Officers; and making sure that those responsibilities are carried out	Chief Executive, Executive Director and Statutory officer roles	Director of Corporate Governance	Executive and Senior Management Team	Review of Portfolio Holder roles completed	Review the protocol for Member/Officer relationships. Introduction of scheme of delegations. Corporate Governance training for all senior staff (August-October).
As above	Role Profiles	Director of Human Resources and Organisational Effectiveness Director of Corporate Governance	Unison, Senior Management Team	Clear job descriptions and role profiles being defined. Objective setting embedded as part of appraisal system.	Refresh and redesign of the individual performance management systems both at senior level and beyond to improve clarity of objective setting and success assessment against the measures set.

Being clear about relationships between Members and the public	Community engagement strategy	Director of Organisational Performance	HSP, Executive and Senior Management Team	See Core Principle 6	See Core Principle 6
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Core Principle 3: Promoting values for the whole organization and demonstrating the values of good governance through behaviour

Supporting Principle	Governance arrangements	Lead Officer	Partners/ those with responsibility	Comments/work carried out in 2004/05	Action Required in 2005/06 and beyond
Putting organisational values into practice	Employee and member codes of conduct	Director of Human Resources and Organisational Effectiveness; Director of Corporate Governance	Executive, Unison, Senior Management Team	-	Review of officer code of conduct Review of Member Code of Conduct (with Standards Committee)
As above	Employment policy	Director of Human Resources and Organisational Effectiveness	Senior Management Team	Intranet availability of employee policies and procedures	Review of recruitment and selection processes and of first month induction practices.

As above	Equalities policy and plans	Director of Human Resources and Organisational Effectiveness	Executive, Senior Management Team	Corporate Equalities Group established. Level 2 of equality standard achieved. Impact assessments completed in line with RES	Increase awareness amongst staff. Achieve level 3 of the standard. Develop broader equality scheme covering race, gender, disability, faith, age, and sexuality by May 2006. Complete impact assessments in line with current scheme by May 2006.
As above	Management competencies framework	Director of Human Resources and Organisational Effectiveness	Senior Management Team	New framework developed and implemented for middle management review. Leadership programme implemented.	Provision of development programmes for managers based on the new competency framework and the business objectives of the council.

Individual Councillors behaving in ways that uphold and exemplify good governance	Standards committee	Director of Corporate Governance; Director of Human Resources and Organisational Effectiveness	Standards Committee members, Member development panel, Senior Management Team	Training on development control work	Induction for new members post 2006 local elections;
As above	Audit Committee	Director of Financial and Business Strategy	Audit Committee members, External and Internal Audit	New Committee established.	Role of committee to be developed.

Core Principle 4: Taking informed, transparent decisions and managing risks

Supporting Principle	Governance arrangements	Lead Officer	Partners/ those with responsibility	Comments/work carried out in 2004/05	Action Required in 2005/06 and beyond
Being rigorous and transparent about how decisions are taken	Advance notice of key decisions, Public meetings	Director of Legal Services; Director of Corporate Governance		Improved publication of material on internet	New access to information rules
As above	Format of reports	Director of Corporate Governance		Cabinet and committee reports restructured to ensure that all the key information is clear and easy to locate	No further action
As above	Register of interests (members and officers)	Director of Corporate Governance	All Council members	Register maintained	Guidance for new Councillors post 2006 local elections
As above	Declaration of related party transactions for the accounts	Director of Financial and Business Strategy	All Council members, Senior staff	Exercise completed for 2003/04 accounts	Exercise for 2004/05 accounts
As above	Communication s strategy	Head of Communicatio ns	Executive, Senior Management Team	Strategy developed	

As above	Freedom of information act	Director of Organisational Performance	Senior Management Team	Freedom of Information preparation successfully implemented with a strong focus on openness and delegation. Decision taken to minimize charges. Corporate procedure and policy in place.	Monitoring and review of use of FOI policy and procedure in consultation with new Business Transformation Partner.
Having and using good quality information, advice and support	Well trained professional staff	Director of HR and Organisational Effectiveness	Senior Management Team	New Senior Professional roles developed	Build knowledge management capability. Nurture and develop the Senior Professional community.
As above	External advisers and partners	Various	New business partner	Procurement of Business Transformation Partner. HSP making policy for local area. Use of external advisers in areas of specialist expertise.	Award BTP contract, new procedure for engaging external advice implemented.
As above	Publications	Various	Publications Panel	BVPP and Community strategy published	Annual publication

As above	Freedom of information act	Director of Organisational Performance	Senior Management team	Information audits carried out in a number of areas. Agreement of records management policy, email policy, information strategy.	Embedding these policies. Roll-out of information audit. Appointment of Council Information Officer. (work to be done in consultation with business transformation partner)
As above	Complaints procedure	Director of Corporate Governance	Senior Management team	Implementation of corporate complaints system	First Contact project like to supercede current system
Making sure that an effective risk management system is in operation	Risk Management framework	Director of Financial and Business Strategy	Executive, Senior management team	Risk management workshops rolled out across all directorates.	Risk management strategy to be reviewed, documented and approved. Risk registers to be refreshed and impact measured. Additional registers to be created for business continuity and community resilience. (Report to Cabinet July 2005)

As above	Building risk into all processes such as budgeting, service planning, project management, partnership working, committee reports, etc	Director of Financial and Business Strategy	Executive, Senior management team	Risk assessment built into new service planning process.	Pilot and roll-out risk management software across directorates. Further integration with audit planning and line management assurance. Further integration with budget development and budget monitoring.
As above	Emergency planning and business continuity	Director of Financial and Business Strategy	Senior management team	More detailed plans developed. Additional response officers recruited.	Implement new Civil Contingencies Act as per detailed workplan.
As above	External audit	Director of Financial and Business Strategy	External Auditor	External Audit work planned and reported in transparent way	Improved visibility via Audit Committee

As above	Internal Audit	Director of Financial and Business Strategy	Audit Committee, Senior Management Team	Audit Committee established. Revised procedures introduced for escalation of reports to Executive Directors and CMT. Audit plan informed by risk registers.	Implement new arrangements for traffic light reports, follow-up of recommendations, and escalation of high risk issues to CMT and Audit Committee. Support the implementation of line management assurance.
As above	Health and Safety	Executive Director, Business Connections	Senior Management Team	Review completed	Appointments to new posts completed in June 2005. Review to be implemented.
As above	Management assurance	Director of Financial and Business Strategy	Audit Committee, Senior Management Team	Proposals agreed to a new management assurance system	Pilot to be carried out and full system rolled out by end of year
As above	Anti-fraud and corruption policy	Director of Financial and Business Strategy	Audit Committee, Senior Management Team		Policy to be reviewed to reflect new arrangements arising from the creation of the corporate anti fraud team during 2005/06.
As above	Whistleblowing arrangements	Director of Legal Services and Director of Corporate Governance	Standards Committee	-	Review of policy in relation to financial regulations and contract procedure rules

Core Principle 5: Developing the capacity and capability of the Council to be effective

Supporting Principle	Governance arrangements	Lead Officer	Partners/ those with responsibility	Comments/work carried out in 2004/05	Action Required in 2005/06 and beyond
Making sure that Councillors have the skills, knowledge and experience they need to perform well	Member induction and development programme	Director of HR and organisational effectiveness	Member development panel	Programme of member development delivered	Progress the member development opportunities and broaden the scope of the delivery.
As above	Support to members	Various		Support provided to members via a range of meetings and briefings to ensure that they are well informed	Continue to provide support through meetings and briefings Planning for induction briefings for new members.
Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group	Leadership programme, training scheme for managers	Director of HR and organisational effectiveness	Senior Management Team	Leadership programme completed by Chief Exec, Executive Directors and Directors; Financial management training provided to 500 staff	New training programme for managers to be introduced. Improved individual performance management system and focused objective setting. Improve communications across the directorates

As above	Recruitment and Selection, induction for staff, appraisal system, IIP	Director of HR and organisational effectiveness	Senior Management Team		<p>New induction programme to be developed. Achieve IIP across the organisation.</p> <p>Improved individual performance management system and focused objective setting.</p>
As above	Absence management	Director of HR and organisational effectiveness	Senior Management Team	<p>New occupational health contract put in place</p> <p>Employee Assistance Programme implemented on 1 year initial pilot</p>	<p>Evaluate EAP pilot and action outcomes.</p> <p>Provide comprehensive management information for improved management of absence.</p> <p>Create absence management toolkit.</p>
Striking a balance in membership of the Council between continuity and renewal	Not directly applicable to local authorities				

Core Principle 6: Engaging stakeholders and making accountability real

Supporting Principle	Governance arrangements	Lead Officer	Partners/ those with responsibility	Comments/work carried out in 2004/05	Action Required in 2005/06 and beyond
Understanding formal and informal accountability relationships	Constitution Community Strategy Partnership arrangements	Various	HSP, Executive, Senior management team	Community strategy agreed. HSP developed. HSP constitution in place.	Establish all management groups of HSP. Improve communication between HSP and Cabinet
Taking an active and planned approach to dialogue with and accountability to the public	Community Engagement strategy	Director – Organisational Performance	HSP, Executive, Senior management team	Community engagement strategy developed. Regular citizen satisfaction survey carried out. Public engaged in budget process.	Implement community engagement strategy. Consider further improvements to budget consultation in line with Scrutiny review of budget process. Development of open budget process started Carry out quality of life survey in April 2005.

Taking an active and planned approach to responsibility to staff (and others working with the council)	HR function, staff development strategy, terms and conditions	Director of HR and Organisational Effectiveness	Senior Management Team	Staff survey Restructured the HR function to provide improved services and coverage. Instituted improved Occ Health provider and EAP system	Develop and deliver comprehensive workforce development plan. Achieve IIP across the organisation. Introduce improved individual performance management system.
Taking an active and planned approach to responsibility to staff (and others working with the council)	Working with Unison and representative staff groups	Director of HR and Organisational Effectiveness	Unison, staff groups	Multiple joint partnership ventures initiated including Joint Services Reviews	Continue to build on the successful partnership. Continue to look for service improvement opportunities in consultation with key stakeholder groups.
Engaging effectively with institutional stakeholders	Harrow Strategic Partnership	Director of Organisational Performance	HSP	HSP well established. Supporting Management Groups operational including voluntary & business sectors.	Implement performance management arrangements to ensure delivery of priorities.

As above	Working with the Business Community	Director of Financial and Business Strategy Director of Strategy, Urban Living	Business sector, senior management team	Review of business engagement Phase 1 of Business Portal completed	Phase 2 of portal BV review of Harrow's economy (scope agreed by BVAP in July 2005)
As above	Working with the Voluntary sector	Director of Financial and Business Strategy	Voluntary sector, senior management team	Strategic review of grants	Review to be completed