

CORPORATE GOVERNANCE PERFORMANCE (BEST VALUE) REVIEW 2002/03

1.0 PREAMBLE

The current five-year programme of Best Value Reviews includes Corporate Support and Governance in 2002/03 (Year 3). This breaks down into two linked, but distinct, areas.

Early on, when determining the scope of this performance review, it became clear that good Corporate Governance is the key ingredient that underpins credibility, confidence, transparency and integrity in any organisation, particularly that of the public sector and its community leadership role. Concentrating the review on this critical aspect would have the most to offer by ensuring that the fundamental health of the organisation is intact.

On the other hand, Corporate Support (eg Democratic, Legal, Finance, Policy, Personnel, Training), is the collective description of key service components that need to function efficiently and effectively to underpin good corporate governance. These latter corporate support type services are best reviewed separately as part of the Service Development and Delivery Plan performance framework using Best Value principles.

Consequently, the review team has concentrated on Corporate Governance as its main theme for the review. This approach was endorsed by the former Corporate Resource and Strategy and Review Panel at its meeting on 9 July 2002.

2.0 INTRODUCTION

The Audit Commission has described **Corporate Governance** as “**the system by which local authorities direct and control their functions and relate to their communities**”.

Local authorities are complex political organisations with important opportunities for influence and leadership within their areas, as well as responsibility for delivering a diverse range of services. A common theme running through all of the Government’s requirements is the need for local authorities to review the various systems and processes they have in place for managing both their own internal affairs and their relationships with key stakeholders.

Much of the Government’s modernising agenda impacts on corporate governance:

- democratic renewal
- community leadership
- engagement of the local community, consultation and partnership
- out-ward looking, accountable and responsive services
- continuous improvement (including value for money and best value)
- high standards of conduct and probity.

Good corporate governance underpins credibility and confidence. Hence, Bury MBC has decided to undertake a performance review of its Corporate Governance arrangements.

3.0 ISSUES

The fundamental principles of corporate governance for a local authority are described as follows:

Openness and Inclusivity

Openness is required to ensure that stakeholders can have confidence in the decision making and management processes of Bury MBC, and in the approach of the individuals within the authority. Being open through genuine consultation with stakeholders and providing access to full, accurate and clear information leads to effective and timely action and lends itself to necessary scrutiny. Openness also requires an **inclusive** approach, which seeks to ensure all stakeholders and potential stakeholders have the opportunity to engage effectively with the decision-making process and actions of Bury MBC. It requires an outward focus and a commitment to partnership working.

Integrity

Integrity comprises both straightforward dealing and completeness. It is based upon **honesty**, **selflessness** and **objectivity**, and high standards of propriety and probity in the stewardship of public funds and management of Bury MBC affairs. It is dependent on the effectiveness of the control framework and on the personal standards and professionalism of the members and staff within the authority. It is reflected in Bury MBC's decision making procedures, in its service delivery and in the quality of its financial and performance reporting.

Accountability

Accountability is the process whereby Bury MBC, and its members and staff, are responsible for their decisions and actions, including their stewardship of public funds and all aspects of performance, and submit themselves to appropriate external scrutiny. It is achieved by all parties having a clear understanding of those responsibilities, and having clearly defined roles through a robust structure.

Leadership

The concept of **leadership** overarches these principles. The principles described above can only be adhered to if leadership is exercised through Bury MBC in:

- (a) providing a vision for its community and leading by example in its decision-making and other processes and actions, and
- (b) members and managers conducting themselves in accordance with high standards of conduct.

On 11 September 2002, The Executive adopted a Bury MBC Local Code of Corporate Governance, based upon the above principles, that was previously endorsed by the Standards Committee on 3 July 2002.

4.0 REVIEW AIMS

A Review Team of Elected Members and Officers has carried out a Performance (Best Value) Review of Bury MBC's corporate governance arrangements to:

- (a) provide assurance that Bury MBC's corporate governance arrangements are adequate and operating effectively in practice, and
- (b) identify any gaps and, where so, the actions Bury MBC proposes to take to ensure more effective governance for the future.

5.0 CHALLENGE AND CONSULT

The model the Review Team has adopted for the review is contained in the Guidance Note "Corporate Governance in Local Government: A Keystone for Community Governance" issued by CIPFA/SOLACE in 2001.

A Matrix was developed to show, for each dimension of Bury MBC's business, how the principles of corporate governance should be reflected, the Review Team's provisional self-assessment of performance and the proposed areas for action.

The five business dimensions are:

Community Focus	Service Delivery Arrangements
Structures and Processes	Risk Management and Internal Control
Standards of Conduct	

During November 2002, the Matrix was considered and subjected to 'challenge' by

the Bury Local Strategic Partnership (19 November 2002),
all Elected Members on an individual basis,
all officers on the Management Board and Senior Officer's Team, and
UNISON.

Only minor adjustments to the Matrix were suggested and these have been incorporated. The Matrix is therefore seen by both external and internal stakeholders as providing a consistent and fair reflection of the strengths and weaknesses in Bury MBC's corporate governance arrangements. These have been turned into an Improvement Plan at Appendix 1. A copy of the Matrix is available from the Review Team Lead Officer.

6.0 COMPARE AND COMPETE

The CIPFA/SOLACE strategic model has been adopted by the Association of Greater Manchester Authorities' Corporate Governance Benchmarking Group to which Bury MBC is a founding member.

The Benchmarking Group was initiated by the AGMA Chief Executives' Group, is open to all the Unitary Authorities in the sub-region and includes the GM Passenger Transport Authority/Executive and the G M Fire Service. Best Practice is being

identified, including guidance arising from the Audit Commissions' programme of Corporate Governance and Best Value Inspections of local authorities across the country.

The Review Team's Improvement Plan takes into account the outcome of the Audit Commission's Comprehensive Performance Assessment of Bury MBC that took place during late 2002.

The Compete/Options Appraisal element of the Best Value approach is not wholly appropriate to Corporate Governance which lies at the heart of an organisation, but would remain a significant element of the support services' Service Development and Delivery Plans.

7.0 CONCLUSION AND IMPLEMENTATION

This Review has revealed Bury MBC to have comprehensive and robust arrangements in place to demonstrate and ensure good corporate governance that is credible, transparent and maintains the confidence of stakeholders and the community at large.

Nevertheless, the Improvement Plan (attached at Appendix 1) highlights areas that require strengthening and the way forward to address them. The remit of the lead officer for actions set out in the Improvement Plan is to develop detailed implementation plans with, as appropriate, specific targets, performance indicators and milestones. The Performance Management Framework will be used to monitor progress on the implementation of the Improvement Plan with bi-annual reports to the Performance Management Scrutiny Panel.

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