

LONDON BOROUGH OF BRENT

MEETING OF THE EXECUTIVE - 8th December 2003

REPORT FROM THE DIRECTOR OF FINANCE

Corporate Governance Framework

1 Summary

- 1.1 The purpose of this report is seek approval from the Executive for the adoption of a Local Code of Corporate Governance and to recommend to Full Council that the Code be included in the Constitution. The report also suggests a mechanism for monitoring a Corporate Governance action plan and seeks approval for this mechanism.

2 Recommendations

- 2.1 The Executive agree to the adoption of a separate code of corporate governance and recommends to Full Council that it be included in the Constitution.
- 2.2 The Executive endorse the action plan items contained in appendix 1 and suggest that the Performance and Finance sub-committee take responsibility for monitoring progress against the action plan.

3 Financial Implications

- 3.1 Whilst there are no direct financial implications, the adoption of a local code underpins the Council's commitment to good corporate governance arrangements, which themselves have an impact on the long term financial standing of the Council.

4 Staffing Implications

- 4.1 There are no staffing implications arising out of the recommendations in this report although various senior officers are made responsible for conducting an annual review of specific elements of the Corporate Governance framework

5 Legal Implications

- 5.1 There is currently no legal requirement to have a Local Code of Corporate Governance. However, it is recommended best practice by the Chartered Institute of Finance and Accountancy ('CIPFA') and the Society of Local Authority Chief Executives ('SOLACE').
- 5.2 The Code can be adopted by the Executive but it is recommended that the Executive recommends to Full Council that the Code be included in the Constitution.

6 Detail

6.1 In the autumn of 2001, CIPFA and SOLACE issued a document entitled “Corporate Governance in Local Government, A Keystone for Community Governance - Framework”.¹ The document was produced by a working party consisting of representatives from CIPFA, Improvement and Development Agency (‘IDEA’), the Audit Commission, Local Government Association (‘LGA’) and local authorities (2 from London – Lambeth and Harrow).

6.2 The document was issued as good practice guidance and is endorsed by the then Minister for Local Government in the following terms:

“...if local authorities are to do this successfully (implement the Government’s modernising agenda) they will need good corporate governance”.

6.3 CIPFA, SOLACE and the LGA have endorsed the framework contained in the document and suggest that implementing the framework and adopting a Local Code of Corporate Governance, will assist the Council to modernise and improve services.

6.4 Since publication of the document it has become clear that it will be used as one of the yardsticks in the Comprehensive Performance Assessment. It has been specifically referred to in the element on “Standards of Financial Conduct” where a fundamental requirement is to have “*Governance Arrangements based on those now set out in the CIPFA/SOLACE framework*”. The 2001/2002 Management Letter² from PWC identifies corporate governance as an issue for the Council. The relevant extract from the Management Letter is shown below:

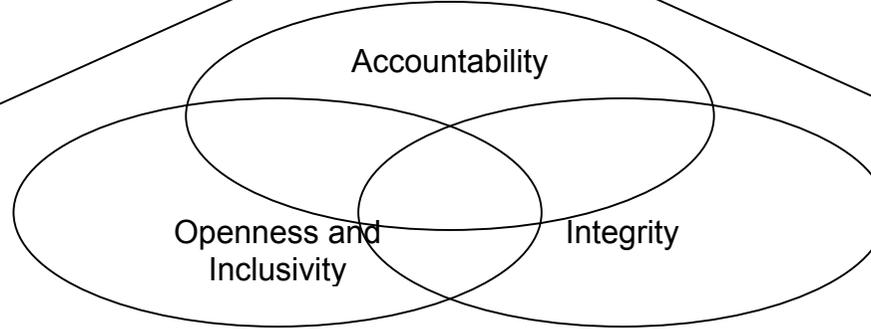
“A further development on corporate governance is the new guidance on best practice issued jointly by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE). The guidance largely reflects commonly accepted good practice and a self-assessment by officers indicates that most aspects of the guidance are already incorporated within the Council’s existing arrangements. However, there are two main areas which require further consideration and development:

- Part of the guidance focuses on implementing risk management procedures. The Council already has processes, which meet many of the objectives of a risk management system. However, further development is needed to ensure that these high level monitoring systems can be applied at all levels throughout the Council. In our view, this should be integrated into existing service planning processes rather than carried out as a stand-alone processes.*
- The guidance also advocates the adoption of a local code of corporate governance, an annual review of compliance and a published statement summarising the results of the review and further planned action. As many aspects of the guidance are already covered by the Council’s Constitution, there are grounds for dealing with any remaining aspects in the same way rather than maintaining a separate code. However, there would still be a need for some mechanism and process to demonstrate and report compliance and the Council should consider how it intends to respond to this aspect of the guidance.*

6.5 In addition, the Accounts and Audit Regulations 2003³ place a new responsibility on the Council, making it explicit for the first time, that it is responsible for ensuring that financial management is adequate and effective and that there is a sound system of internal control which is regularly reviewed.

- 6.6 This will mean the addition of a statement on internal control to the financial statements, which will certify that the Council has an effective system in place. The accounts will also have to indicate the level of assurance that the system of internal financial control can provide.
- 6.7 Within the CIPFA/SOLACE guidance the definition of Corporate Governance is given as the “system by which Local Authorities direct and control their functions and relate to their communities”.
- 6.8 The underlying principles of corporate governance are set out as:
- ***Openness and inclusivity*** – *Being required to ensure that stakeholders have confidence in the decision making and management processes of the authority. This may be achieved through genuine consultation, providing access to full, accurate and clear information. It also requires an inclusive approach which seeks to ensure that all have the opportunity to engage effectively with the decision making process and actions. The authority needs an outward focus and commitment to partnership working, with innovative approaches to consultation and service provision.*
 - ***Integrity*** – *Based upon honesty, selflessness and objectivity. High standards of propriety and probity. The authority needs to ensure high personal standards of professionalism of members and officers.*
 - ***Accountability*** – *Being the process by which the Council, the members and staff are responsible for their decisions and actions, including stewardship of public funds and all aspects of performance. Being subject to external scrutiny and having a clear understanding of roles and responsibilities within a robust structure*
- 6.9 It is suggested in the framework that these principles should underpin all the activities of the authority and, furthermore, that **leadership** overarches all of the three principles. These are not particularly ground breaking concepts in Local Government and are generally accepted principles common to both public and private sector organisations.
- 6.10 The framework suggests that the authority’s business can be split into 5 dimensions. The three principles (plus leadership) impact on all of these dimensions. These are illustrated in the diagram on the next page.

LEADERSHIP



DIMENSION 1 Community Focus	DIMENSION 2 Service Delivery	DIMENSION 3 Structures and Processes	DIMENSION 4 Risk Management and Internal Control	DIMENSION 5 Standards of Conduct
<ul style="list-style-type: none"> • work for and with the community • exercise leadership in communities • promote the wellbeing of the area • accountable to stakeholders for spend and effectiveness • demonstrate integrity and openness in dealings • inclusivity through communications and encouraging active participation • develop clear and up to date vision and corporate strategy responding to community needs 	<ul style="list-style-type: none"> • continuous improvement • accountable at a local level • setting performance targets • integrity in dealing with service users and developing partnerships to ensure the right provision of services locally • openness and inclusivity through consultation with stakeholders and service users • flexible and adaptable 	<ul style="list-style-type: none"> • effective political and managerial structures • clearly defined roles and responsibilities of members and officers to ensure accountability • proper scrutiny and review of performance • demonstrate integrity through proper balance of power and authority • clearly document structures and processes and communicate these to demonstrate openness and inclusivity • ensure these are kept up to date and are adaptable 	<ul style="list-style-type: none"> • establish and maintain a systematic strategy and framework for managing risk • public statement on the strategy to demonstrate accountability • include mechanisms for monitoring and reviewing effectiveness against agreed standards and targets and the operation of controls • demonstrate integrity by being based on robust systems for identifying, profiling, controlling and monitoring all strategic and operational risks • demonstrate openness and inclusivity by involving all those associated with planning and delivering services 	<ul style="list-style-type: none"> • openness, accountability and integrity of individuals form the cornerstone of corporate governance • leaders are role models • define the standards for members and officers • accountability through establishing systems for investigating breaches • effectiveness in monitoring compliance • objectivity and impartiality maintained in all relationships to demonstrate integrity • document the standards to demonstrate openness and inclusivity

6.11 The CIPFA/SOLACE document recommends the adoption of a local code of corporate governance, which includes the 5 dimensions, and the mechanisms by which the Council will ensure that the principles of corporate governance are built into these dimensions. In page 1 of the document,

“CIPFA/SOLACE urge each local authority to prepare, adopt and maintain an up-to-date local code of corporate governance, including arrangements for its implementation and ongoing application”.

6.12 Given the continued reference to a specific code in the framework document, It is difficult to see how the Council can comply without producing a separate code.

6.13 The 2001/2 PWC management letter points out that the Constitution already covers many of the aspects of the guidance. However, there are significant parts that are not clearly identified in the constitution, particularly in the areas of Community Focus and Service Delivery. PWC’s suggestion that,

“there grounds for dealing with any remaining aspects in the same way rather than maintaining a separate code”,

would require changes to many different parts of the constitution. This would appear more problematic than having a separate code where all the aspects could be covered in a single document, which itself would become part of the constitution.

6.14 It is, therefore, recommended that a separate code be adopted as part of the Constitution in Part 7 thereof. A suggested format and wording of a local code is attached as appendix 2.

6.15 The underlying principles of Corporate Governance are not new to the Council and we already have in place many of the requirements of the framework. There are 36 requirements set out in the framework and each has a suggested method of demonstrating annual or ongoing compliance.

6.16 In order to assess the Council’s current position with regard to compliance with the elements of the CIPFA/SOLACE framework, an action was drawn up in May 2003. This set out each element of compliance, together with an assessment of the current position and suggested actions. The action plan is attached in appendix 1.

6.17 The framework document recommends that the authority should annually review how well it has complied with the principles of corporate governance and its own code.

6.18 To undertake a full review of compliance with our own corporate governance arrangements is a significant task. Given the scarce resources available, it is suggested that one dimension of the framework is allocated to the officer with

the clearest link to that dimension and to require the officer to prepare a short self assessment report at the end of each year for presentation to the Executive. The Executive may wish to suggest that these reports are also considered by the Finance and Performance Sub-Committee.

7 Conclusions

- 7.1 A corporate governance framework has been recommended to Local Authorities by the Government, CIPFA and SOLACE. The Council needs to respond positively to this framework in order to consolidate and improve upon its existing arrangements and contribute to the Comprehensive Performance Assessment.
- 7.2 Much of the suggested framework is standard practice in Local Authorities and the Council already has much of the framework in place. A separate code contained in the Constitution and an appropriately monitored action plan will assist the Council to comply with the recommended framework.
- 7.3 It is good practice to review the level of compliance with the good Corporate Governance arrangements. This could be achieved by an annual self-assessment by the responsible officers as indicated in paragraph 6.18.

8 Background Papers

1. Corporate Governance in Local Government: A keystone for Community Governance – Framework and guidance note. CIPFA/SOLACE 2001
2. PWC – London Borough of Brent 2001/2 Audit Letter to Members, December 2002
3. Accounts and Audit Regulations 2003

Any person wishing to inspect these documents should contact Committee and Member Services, Room 106, Brent Town Hall, Forty Lane, Wembley, Middlesex HA9 9HD. Tel. 020 8937 1353.

Simon Lane
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Dimension 1 - COMMUNITY FOCUS

	Corporate Governance Framework Requirement	Suggested Source Documents, Processes and other means to demonstrate compliance	Current Position	Action Plan	Responsible Officer	Timescale
a	<p>Publish on a timely basis an annual report presenting an objective, understandable account of the authority's:</p> <ul style="list-style-type: none"> • Activities and achievements • Financial position and performance • Improvement targets 	<p>Annual Financial Statements Annual Business Plan Formal Annual Report</p>	<p>The Corporate Strategy and Management Agenda set out long term objectives, plans and some targets. The Annual Action Plan summarises achievements against those targets <i>The Council does not produce an annual report encompassing all of the required elements.</i> Separate documents are produced which detail the financial position and financial performance (Statement of Accounts), improvement targets (the Best Value Performance Plan) and activities and achievements (within the Service Development Plans for Service Areas and in the March/April edition of the Brent Magazine). The current deadlines for publication of the Best Value Performance Plan and the Accounts would make the production of a combined document problematic.</p>	<p>1. Consider the production of an annual report that includes the statement of accounts, a summary of achievements and activities across the Council and a summary of performance. *Around £10K budget would need to be identified for publication costs</p> <p>2. Consider additional ways of reporting performance information i.e. inclusion in Council Tax booklet, use of Brent Magazine (Review range and content of service development plans made available to the public.</p>	<p>Director of Finance Director of Communications and Consultation.</p> <p>Director of Finance Director of Communications and Consultation.</p>	<p>May 04 (part of Action Plan update)</p> <p>April 2004</p>
b	<p>Publish on a timely basis a performance plan presenting an objective, balanced and understandable account and assessment of the authority's:</p> <ul style="list-style-type: none"> • Current performance in service delivery • Plans to maintain and improve service quality 	<p>Extract from BVPP Community Strategy</p>	<p>The Council produces a Best Value Performance Plan on a yearly basis which is reproduced on the Internet site together with additional performance information. There is no longer a requirement to produce an annual report as most of the information is included in the BV Performance Plan. A summary of the Council's performance is made available to all households in the Brent Magazine. The Council has published a Community Plan.</p>	<p>None Required</p>		

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c	Put in place proper arrangements for the independent review of financial and operational reporting processes	Audit Letter Other Audit Reports Inspectorate Reports	External Audit is in place and produces an annual management letter together with ad-hoc reports. Other reviews by OFSTED, SSI, BFI, BVI. IIP, Chartermark are undertaken on a periodic basis.	None required		
d	Put in place proper arrangements designed to encourage individuals and groups from all sections of the community to engage with, contribute to and participate in the work of the authority and put in place appropriate monitoring processes to ensure that they continue to work in practice.	Strategic Partnership Framework Stakeholder Forums' terms of reference Area forums' roles and responsibilities Resident Panel Structure Annual Report	A Consultation Strategy is in place for 2001 to 2004. The terms of reference and roles of Area Consultative Forums, User Forums, Area Housing Boards are set out in the Constitution. The Brain website provides a community website. The Residents' Survey and citizen's panels provide an opportunity for the community to engage and participate in the work of the authority. The Constitution also sets out the procedure for petitions and deputations. There is a clear commitment in the Corporate Strategy to consult with the community and to increase the use of consultation. <i>There are no monitoring arrangements in place to ensure that the arrangements are effective.</i>	3. Consider implementing monitoring processes to ensure that consultation arrangements are effective. An ACF satisfaction survey to be undertaken March 2004 which will provide base line figures on Area Forum attendees	Director of Communications and Consultation.	March 04
e	Make an explicit commitment to openness, in all of their dealings, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so, and by their actions and communications deliver an account against that commitment	Constitution	The access to information rules are set out in the Council's constitution There is a commitment to minimise the number of below the line reports and where confidential information is contained in a report, only that part of the report should be kept below the line rather than the whole report. Decision making meetings of the Executive are open to the public. Copies of reports and decisions are available on the intranet and through One Stop Shop and Libraries The Council has an access to information protocol	None required		

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f	Establish clear channels of communication with all sections of their community and other stakeholders, and put in place proper monitoring arrangements to ensure that they operate effectively	Beacon Status Partnership Framework liP Accreditation Communication Strategy	A Consultation Strategy is in place for 2001 to 2004. The Brent Magazine and Website provide clear channels of communication and are undergoing continual development and improvement. Work has been done to address the communication needs of hard to reach groups and translation services in place. There is a Gujarati line The terms of reference for Area and User Forums are set out in the constitution and these are operational. Some monitoring is done through website hits, FAQs, telephone performance and OSS contact. The Communication Team have produced Corporate Communication Guidelines .	None Required		
g	Ensure that a vision for their local communities and their strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated	Community Strategy Service Plans BVPP	The results of the Residents Attitude survey feeds into Corporate Strategy. The Corporate Strategy document sets clear priorities, plans and overall targets. This is disseminated through various means and includes a summary version. The Council has produced a community plan	None Required		

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Dimension 2 – SERVICE DELIVERY ARRANGEMENTS

	Corporate Governance Framework	Suggested Source Documents, Processes and other means to demonstrate compliance	Current Position	Action Plan	Responsible Officer	Timescale
a	Set standards and targets for performance in the delivery of services on a sustainable basis and with reference to equality policies	BVPP BV Reviews	Standards and targets for performance are set down in the Corporate Strategy, Best Value Performance Plan and in the annual service planning process. Service Development Plans include reference to equalities policies. New Race Equality Standards published for 2003-04. Formally adopted the Equality Standards for Local Government and committed to achieving Level 1 by March 2004. There is a strong commitment to performance delivery and equalities in the corporate strategy and a clear commitment in corporate values. Established the Corporate Diversity Team and appointed new Director of Human Resources & Diversity.	1. Race Equality Action Plan to be published	Director of Human Resources and Diversity Service Area Directors	Mid December 03.
b	Put in place sound systems for providing management information for performance measurement purposes	Performance Management and Information System	The Council has a clear commitment to performance management. <i>Some work is needed in this area, particularly around the systems underpinning performance measurement and reporting.</i>	2. Continue to improve the systems underpinning performance data	Service Area Directors	
c	Monitor and report performance against agreed standards and targets and develop comprehensive and understandable performance plans	BVPP Scrutiny Committee Reports	Corporate Strategy includes a commitment for all Service Areas to monitor and report on performance. Broad targets are set in the Corporate Strategy and Service Planning targets link to Corporate Strategy. The performance monitoring arrangements have recently been enhanced by the introduction of a Performance and Finance Select Committee as a sub committee of Scrutiny.	3. Ensure that performance is reported at Departmental Management Teams	Service Area Directors	

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d	Put in place arrangements to allocate resources according to priorities	Community Plan Service Plan Budget	Arrangements are in place to allocate resources according to priorities through the Corporate Strategy, medium term financial strategy, CMT, Strategic Finance Group, Corporate Action Plans, Service Planning, Member Awaydays, the general budget framework and Base Budgeting exercise.	None required		
e	Foster effective relationships and partnerships with other public sector agencies and the private and voluntary sectors, and consider outsourcing where it is efficient and effective to do so, in delivering services to meet the needs of the local community, and put in place processes to ensure that they operate effectively in practice	Community Strategy Adherence to good employment practice Partnership Framework Protocol for: <ul style="list-style-type: none"> • Joint Commissioning • Joint Funding • Joint Accountability 	There is a clear commitment to partnership in the Corporate Strategy and there are a number of examples of outsourcing i.e. refuse collection and revenues. Outsourcing and other joint arrangements are considered in Best Value Reviews. There are also examples of leading edge partnerships i.e. gun crime, health initiatives which are clearly linked to the needs of the local community.	None required		
f	Respond positively to the findings and recommendations of external auditors and statutory inspectors and put in place arrangements for the effective implementation of agreed actions	Annual Audit Letter and other audit reports Inspectorate Reports	The Council has a good track record in responding positively to audit and inspectorate reports.	None Required		

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Dimension 3 – STRUCTURES AND PROCESSES

	Corporate Governance Framework	Suggested Source Documents, Processes and other means to demonstrate compliance	Current Position	Action Plan	Responsible Officer	Timescale
a	Put in place clearly documented protocols governing relationships between members and officers	Protocols	These are Covered in Part 7 of the Constitution and in the access to information protocol.	None required		
b	Ensure the relative roles and responsibilities of executive and other members and senior officers are clearly defined	Constitution Record of decisions and supporting materials	Roles and responsibilities are covered in the Constitution. Up to date job descriptions are in place for Senior Officers. Job profiles are being developed for Members. All Executive reports and decision summaries are available on the internet. Although this represents the majority of the Council's business a new report management system is currently being implemented so the all non-confidential reports and minutes are on the internet. All Executive decisions and key decisions by officers are recorded.	1. Continue development of job profiles for Members	Director of Communications and Consultation	Underway. To be discussed with Members early 2004
				2. Continue development of internet availability of reports and minutes	Democratic Services Manager	January 04
c	Ensure that Members meet on a formal basis regularly to set the strategic direction of the authority and monitor service delivery	Schedule of council meetings Performance and management system Financial Standards and regulations	Council sets policy. The Executive are responsible for the implementation of policy and ensuring the effectiveness of service delivery. Scrutiny is responsible for monitoring the performance of the Executive.	None Required		
d	Develop and maintain a scheme of delegated or reserved powers, which should include a formal schedule of those matters specifically reserved for the collective decision of the authority	Constitution	Clearly set out in Parts 2 and 3 of the Constitution. The Borough Solicitor maintains a register of officer authorisations which is reviewed annually.	None Required		

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e	Put in place clearly documented and understood management processes for policy development, implementation and review and for decision making, monitoring and control, and reporting; and formal procedural and financial regulations to govern the conduct of an authority business	Constitution	These matters are covered in the Constitution.	None Required		
f	Put in place arrangements to ensure Members are properly trained for their roles and have access to all relevant information, advice and resources as necessary to enable them to carry out their roles effectively	Members induction scheme Training for Committee Chairs Regular update sessions Training plan	Budget Provision has been identified for member training. New member induction training available together with specific training on planning, licensing etc. Equalities training for members planned Specific training needs have been identified which through personal development plans for the majority of Members and this will inform a comprehensive training plan. Legal bulletins and a monthly Legislation Tracker are issued by the Borough Solicitor. Lack of interest in training from some members. Integral to Improving Brent programme.	3. To make Member training mandatory in some areas. (subject to HR and Legal advice)	Director of Communications and Consultation	Exploratory work currently underway
				4. Continue to develop and deliver training plan.	Director of Communications and Consultation	Ongoing. One to ones being held with Members early 2004.
g	Ensure that the role of Executive Members(s) is/are formally defined in writing, to include responsibility for providing effective strategic leadership and for ensuring the authority successfully discharges its overall responsibilities for the activities of the organisation as a whole	Constitution	Article 2 of the Constitution discusses the role of Members of the Council. Job Profiles are being developed.	5. Continue development of job profiles for Members	Director of Communications and Consultation	Underway. To be discussed with Members early 2004

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h	Ensure that the roles and responsibilities of all Members of the authority, together with the terms of their remuneration and its review, are defined clearly in writing	Constitution Members Allowance Scheme	Collective roles are covered in Constitution. The Scheme of Members Allowances is included in the Constitution and publicised.	6. Continue development of job profiles for Members	Director of Communications and Consultation	In draft awaiting approval of Executive
l	Ensure that the Chief Executive or equivalent is made responsible to the authority for all aspects of operational management	Conditions of employment Scheme of delegation Statutory provisions Job description Performance management system	Covered in constitution and job description.	None required		
j	Ensure that a senior officer is made responsible to the authority for ensuring that appropriate advice is given on financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal control	Section 151 responsibilities Statutory provision Statutory reports Budget documentation Job Description	Covered in constitution and job description. Covered by statute and financial regulations. Financial comment and consultation on reports should be sought, however, this does not always happen within appropriate timescales. A report writing guide for officers is being drafted which will emphasise the requirements for financial and legal comment.	7. Finalise production of a report writing guide for officers.	Borough Solicitor	April 2004
k	Ensure that a senior officer is made responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes and regulations and other relevant statements of good practice are complied with	Monitoring Officer Statutory provision Job description	Covered in constitution and job description. Legal comment and consultation on reports should be sought, however, this does not always happen within appropriate timescales. A report writing guide for officers is being drafted which will emphasise the requirements for financial and legal comment.			

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l	Ensure the roles and responsibilities of all senior officers together with the terms of their remuneration and its review are clearly defined in writing	Job descriptions Pay and conditions of service Performance review/appraisal	The revised Employee Performance and Development Scheme was implemented in full in January 2003. It has been made crystal clear to all that the new scheme was specifically designed to apply to all Council staff in the Council regardless of grade or status. It is universal in its application across the Council. <i>With regard to the initiative to have a current set of job descriptions for all senior staff. It would be preferable to have in place a complete set of job descriptions that are completely up to date, and written to a consistent standard. This is not the case in terms of job descriptions for all Chief Officers.</i>	8. An audit of job descriptions of all senior staff to ensure that they are clear and up to date, will be undertaken	Director of HR and Diversity	To be completed by May 2004.
m	Adopt clear protocols and Codes of Conduct to ensure that the implications for supporting community political leadership for the whole Council are acknowledged and resolved	Protocols regarding member / manager relationships	A protocol for Member/Officer relations is included in the Constitution and regular guidance is given by the Monitoring Officer in relation to conduct and probity	None required		

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Dimension 4 – RISK MANAGEMENT AND INTERNAL CONTROL

	Corporate Governance Framework	Suggested Source Documents, Processes and other means to demonstrate compliance	Current Position	Action Plan	Responsible Officer	Timescale
a	Develop and maintain robust systems for identifying and evaluating all significant risks which involve the proactive participation of all those associated with planning and delivering services	Risk management protocol Control framework Scrutiny Committee role Performance management system	Current Risk Management Strategy under review. Risk Management Group established New Post of Head of Procurement and Risk Management has been filled with a specific team to lead on Risk Management and Procurement issues. Strategic Risks are monitored at PCG although no formal risk assessment undertaken. Financial Hot Spots also identified. All reports are supposed to be subject to legal and financial input to identify the risks. Officers from Legal Services and Financial Services attend committee meetings.	1. Continue development of Corporate Approach to Risk Management. 2. The SDP process required Service Areas and units to identify key risks	Director of Finance Director of Finance Service Area Directors	Ongoing December 03
b	Put in place effective risk management systems, including systems of internal control and an internal audit function. These arrangements need to ensure compliance with all applicable statutes, regulations and relevant statements of best practice and need to ensure that public funds are properly safeguarded and are used economically, efficiently and effectively, and in accordance with the statutory and other authorities that govern their use	Scheme of delegation Internal Audit protocol Performance Appraisal Performance Management System Financial Standards and Regulations	Financial Regulations and Contract Standing Orders are in place which define requirements. Legal, Finance, Internal Audit and External Audit work is designed to advise, test and report on the systems which are in place to ensure compliance with statute, regulations and best practice. Risk Mgt Group will review collation of risks by Risk Mgt Team. Risk Mgt Team will establish Council wide risk register Extensive Risk Mgt Training planned for all areas in Autumn/Winter 03/04.	3. Formalise Strategic Risk analysis at PCG through publication of a risk register 4. Ensure new Risk Management Team is operational and effective. 5. Ensure that Legal and BFS continue to have input into all reports at the earliest opportunity 6. Carry out training of service areas	Director of Finance Director of Finance Service Area Directors Borough Solicitor Head of Risk Management and Procurement	March 04 Largely in place, to be completed by March 04 Ongoing Begun, complete by July 04

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c	Ensure that services are delivered by trained and experienced people	Job descriptions Training plan	HR standards and guidelines require job descriptions to be in place for all staff. Training needs are assessed as part of the performance management and employee development scheme. The Council is seeking IIP accreditation. A new corporate learning strategy is in place. Continued Professional Development is encouraged in Legal and Financial Services.	None required		
d	Put in place effective arrangements for an objective review of risk management and internal control, including internal audit	Performance Management System	Risk Management review to be included in External or Internal Audit plan Internal controls are the subject of ongoing reviews by internal audit. Internal Audit performance currently reviewed by External Audit and Standards Committee	None required		
e	Maintain an objective and professional relationship with their external auditors and statutory inspectors	Inspectorate reports Annual audit letter and other audit reports Audit protocol	Internal and External Audit work is co-ordinated on the basis of the managed audit. Relationship with External Audit and Inspectorates is objective and professional.	None required		
f	Publish on a timely basis, within the annual report, an objective, balanced and understandable statement and assessment of the authority's risk management and internal control mechanisms and their effectiveness in practice	Annual report	No annual report currently produced No statement currently produced, requirement is from 2002/3 accounts Internal Audit currently produce an overview report to Performance and Finance Select Committee. The Accounts and Audit Regulations 2003 set out a new statutory requirement to produce a statement of assurance regarding internal control and risk management. The annual statement of review for risk management and internal control for 2002/3 accounts has been developed.	7. Produce Annual Risk Report	Director of Finance	July 04

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Dimension 5 – STANDARDS OF CONDUCT

	Corporate Governance Framework	Suggested Source Documents, Processes and other means to demonstrate compliance	Current Position	Action Plan	Responsible Officer	Timescale
a	Develop and adopt formal Codes of Conduct defining the standards of personal behaviour, to which individual members, officers, and agents of the authority are required to subscribe and put in place appropriate systems and processes to ensure that they are complied with	Members / Officers codes of conduct Anti fraud and corruption policy Complaints procedure Performance Management system Performance Appraisal	Members code covered in the Constitution. Standards Committee established to monitor compliance with the code. Complaints procedure well established. The employee performance management scheme sets out core competencies which are monitored. Anti-fraud policy produced and circulated to all Staff, Members, School Governors. Fraud Awareness Training commenced. Officer Code not in place, awaiting production of national model code.	1. Code of conduct for officers to be produced following production of model code. 2. Need to roll out fraud awareness training across authority.	Borough Solicitor Director of HR and Diversity Head of Audit and Investigations	Awaiting production of model code March 05
b	Put in place arrangements to ensure that members and employees are not influenced by prejudice, bias or conflicts of interest in dealing with stakeholders and put in place appropriate processes to ensure that they continue to operate in practice	Standing orders Codes of conduct Financial Regulations	Members register of interests in place Officer declaration of interest only for PO1 and above. Application across Council is not uniform although is clear in HR guidance. Hospitality registration procedures currently being reviewed by Legal. Member registers are to be reviewed. The Constitution covers declaration of interests in Members Code, Planning and Licensing Codes. The Development Control Code is subject to and annual review Contract and procurement regulations are set out on the constitution	3. Complete review of policy and procedures concerning gifts and hospitality. 4. Complete review of Member Interests	Borough Solicitor Borough Solicitor	April 04 April 04
c	Put in place arrangements to ensure that procedures and operations are designed in conformity with appropriate ethical standards and to monitor their continuing compliance in practice	Codes of Conduct	Standards of conduct for members are set out in the Constitution Protocol for member/officer relations is set out in constitution Standards Committee has remit to monitor compliance	None Required		

**Report to the Executive – Appendix 1
London Borough of Brent – Corporate Governance Action Plan**

d	Put in place arrangements for whistle blowing to which staff and all those contracting with the Council have access	Whistleblowing policy publicising the Audit Commission hotline established under the PIDA 1998	Whistleblowing procedures are in place and have been issued to staff <i>Position unclear with regard to Contractors although BHP have made their own arrangements Audit Commission hotline has not been actively publicised.</i>	5. Amend whistleblowing procedure to clarify Audit Commission route for referrals and to ensure that all those contracting with the Council have access to the code	Borough Solicitor Director of HR and Diversity.	March 04
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LONDON BOROUGH OF BRENT **LOCAL CODE OF CORPORATE GOVERNANCE**

Introduction

This document is based on the guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE). It sets out the Council's approach to Corporate Governance, which has been defined as:

"The way the Council directs and controls its functions and relates to its community."

In order to have good corporate governance we must demonstrate strength in the following principles, as defined by CIPFA/SOLACE:

- ***Openness and inclusivity*** – to ensure that stakeholders have confidence in the decision making and management processes of the authority, by conducting genuine consultation, providing access to full, accurate and clear information.
- ***Integrity*** – to have high standards of propriety and probity within our processes and high personal standards of professionalism of members and officers.
- ***Accountability*** – to make members and officers responsible for their decisions and actions, including stewardship of public funds and all aspects of performance.
- ***Leadership*** – to provide a vision for the community and leading by example.

The five elements of the Council's business

The Council provides many different services and undertakes many different functions. There are five fundamental elements which underpin all of these services and functions. These have been defined by CIPFA/SOLACE as:

- ***Community Focus*** – working for and with the community, promoting wellbeing of the Borough
- ***Service Delivery*** – in delivering our services we seek continuous improvement and the translation of policies into action in an effective and efficient manner
- ***Structures and Processes*** – having effective political and managerial structures and processes to govern decision making

- ***Risk Management and Internal Control*** – *establishing and maintaining a strategy, framework and processes for managing the risk.*
- ***Standards of Conduct*** – *establishing high standards of integrity, accountability and openness amongst all our members, staff and agents and in all our dealings.*

The Council will ensure that the principles of openness, inclusivity, integrity, accountability and strong leadership will be present in all five elements of our business.

The Council has produced a framework by which it can assess its compliance with recognised good corporate governance arrangements. This framework sets out the criteria for good corporate governance under each of the five elements detailed above. It shows how the Council is complying with the requirements and what it intends to do to where compliance has not yet been achieved.