

**Agenda Item No:** 7  
**Report To:** AUDIT COMMITTEE  
**Date:** 28 SEPTEMBER 2011



**Report Title:** 2010-2011 Annual Governance Statement – progress on remedying highlighted significant areas of governance  
**Report Author:** Paul Naylor, Deputy Chief Executive

**Summary:** Each year the council must formally review the effectiveness of its governance arrangements and prepare an Annual Governance Statement. The Statement should highlight any material governance issues that need review. The 2010-2011 Annual Governance Statement was approved by this Committee on behalf of the Full Council at the meeting on 27 June. The Statement comprehensively explained and reviewed the council's arrangements, which were found to be generally of high standard, effective and sound. There were two important areas for review. These were: the need to refresh the council's risk management arrangements and the need to review governance principles for partnership working in the light of the developing localism theme. This brief report explains the progress and plans to cover these two areas.

**Key Decision:** Not applicable

**Affected Wards:** None specifically

**Recommendations:** The Audit Committee is asked to note the progress to date on reviewing the governance exceptions highlighted in the 2010-2011 Annual Governance Statement, and specifically to:

- a) Agree that the Committee is regularly informed of progress with the review of the council's risk management approach
- b) Consider nominating a member(s) to liaise with officers on the development of partnership governance principles over the autumn period.

**Financial Implications:** None

**Risk Assessment** The council must demonstrate adequate progress on reviewing any significant governance issues so as to manage risk and in order that it may demonstrate compliance with the Accounts and Audit Regulations.

**Background Papers:** 2010-2011 Annual Governance Statement

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**Purpose of the Report**

1. This report explains progress with the review of two areas of significant governance highlighted by the 2010-2011 Annual Governance Statement.

**Issue to be Decided**

2. Members are asked to note the progress made and the plans to review the council’s approach to risk management, and the principles of governance for partnership working in the new climate of localism.

**Significant areas of governance requiring review**

3. The following table notes the two areas requiring review and the current status of progress and plans.

<b>Governance issue</b>	<b>Progress and plans</b>
<p><b>1. Risk management</b></p>	<p>This Committee agreed the Head of Audit Partnership’s recommendation that a full refresh of the council’s approach to risk management should be carried out in 2011. This work has started and elsewhere on this agenda is a full report from the Head of the Audit Partnership setting out his recommendations for this review. This follows on from the risk management briefing to Members held on 6 September 2011. Therefore, this issue is well in hand and will have the committee’s full input. The Committee will want to ensure that the recommended approach is implemented in a reasonable timescale and that it is regularly appraised of progress.</p>
<p><b>2. Governance principles for partnership working</b></p>	<p>In 2008 the council adopted a ‘partnership framework’ that set out principles and guidance on governance matters for partnership working.</p> <p>In 2009 the Audit Commission carried out a general review of our partnership arrangements and found much strength, as partnership working is a longstanding feature of the council’s work and generally has led to successful outcomes. The Audit Commission recommended, however, that the council needed to develop arrangements so that it</p>

could be entirely satisfied about the effectiveness and success of its various partnership initiatives; a recommendation was also made concerning communicating more widely the aims and progress of partnerships.

There then followed both internal and external audit reviews of the Ashford's Future Partnership, the outcomes of which were subsequently overtaken by national economic influences and a change in approach following the change of government. As members know the Ashford Future Company is being wound down (it no longer employs any staff) and the Ashford Future Partnership Board has been closed. The development of the Ashford Locality Board and potentially new arrangements for working with local communities are the new areas of focus for our partnership effort.

An initial draft of suggested principles is **annexed** to this report. They seek to be proportionate and practical to the particular partnership context and the associated opportunities and risks. As this Committee does not meet again until early December, and as over the autumn period our partnership arrangements and policies will develop, it is suggested the committee may wish to consider nominating a member(s) to liaise with officers on this topic over the autumn.

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## Initial Draft of Partnership Governance Principles

### Definition of partnership

*A formal arrangement, sometimes by legal agreement (but not necessarily needed), between two or more parties that have agreed to work together in the pursuit of a common objective(s).*

### Main Governance Principles

Any partnership we establish or take part in must adhere to a set of basic principles to ensure:

- i) the probity, effectiveness and efficiency of the arrangement itself
- ii) alignment of priorities with available resources
- iii) the Council is acting legitimately and in the best interests of local residents at all times
- iv) that governance is proportionate and appropriate to individual partnership circumstances

### Suggested governance principles (initial draft)

Principles	Governance principles into practice
<b>A shared vision</b>	A stated common purpose prioritised above individual organisational interests and expressed in written terms of reference, partnership or legal agreement as appropriate
<b>Joint ownership</b>	Clearly delineated tasks; allowing contribution and challenge
<b>Shared control</b>	Agreed lines of responsibility and reporting, including project management – terms of engagement
<b>Reciprocal accountability</b>	Agreed decision-making and performance monitoring arrangements – properly constituted, named lead officer, MT sponsor? Portfolio holder?
<b>Sustained commitment</b>	Stability and continuity of attendance
<b>Flexibility and versatility</b>	Positive approach to risk management which allows innovation; willingness to adapt to changing circumstances
<b>Effective communications</b>	Clear routes for public consultation and participation; timely and open sharing of information, respect for the perspectives and resources of partners
<b>Streamlined administration</b>	Harmonising/relaxing rules and regulations where possible in the interest of delivering the purpose
<b>Co-ordination of resources &amp; effort</b>	Commitment to pooled budgets, integrated teams, reducing duplication, mobilising additional support
<b>Effective delivery</b>	Measures of success, focus on delivery and results; problem solving
<b>Effective follow-up</b>	Process for reviewing and evaluating performance linked to Business Plan