GOVERNANCE PANEL
HELD ON 1 APRIL 2008
(FROM 5.30 PM TO 6.10 PM)

PRESENT: Councillor Jim Clark in the Chair. Councillors Broadbank, John Lockhart, Charlie Powell, John Savage, Theakston and Dr French.

Late Arrivals: Councillor Theakston at 5.35 pm.

Early Departures: None.

35/07 - **APOLOGIES FOR ABSENCE:** There were no apologies for absence.

(5.30 pm)

36/07 - **DECLARATIONS OF INTEREST:** Councillor John Lockhart declared a personal interest detailed under Minutes 41/07 and 42/07 below.

(5.30 pm)

37/07 - **MINUTES:**

RESOLVED (UNANIMOUSLY):

That the Minutes of the meeting of the Panel held on 4 February 2008 be approved as a correct record and signed by the Chair.

(5.30 pm)

38/07 - **EXEMPT INFORMATION:** There were no exempt information items.

(5.30 pm)

39/07 - **PUBLIC ARRANGEMENTS – QUESTIONS:** There were no such questions to consider.

(5.31 pm)

<u>MATTERS FOR REPORT</u>

40/07 - **ANNUAL AUDIT AND INSPECTION LETTER – AUDIT 2006/07:** The Chair referred Members of the Panel to the Annual Audit and Inspection letter for the audit of 2006/07 and advised that, unfortunately, the Audit Commission representative due to attend this evening's meeting had been taken ill, and was therefore not available to respond to questions. In the meantime the Council's Strategic Policy Officer advised that he would respond to any questions and pass on any further comments to the Audit Commission accordingly.

The Chair referred to the timing of the Audit and Inspection letter in terms of the fact that it actually referred to the Council's activities during the 2006/07 year and that Local Authorities were now fast approaching 2008/09. The Strategic Policy Officer advised that the Audit Commission has to audit the performance data in every Council before it can publish the Audit and Inspection and comparative performance of Councils, which impacts upon the timing of the Letter. However, the Panel wished to place on record their view that the Letter would be more useful if it were received sooner.

The Panel considered a number of comments set out in the letter, referring to low attendance at Member training events, and whilst in some cases attendance was considered to be low by the Audit Commission, in relative terms, attendance was in line with other authorities and within the attendance levels expected by the authority. The Strategic Policy Officer advised that in terms of the Commission's comments on community engagement activity and the Audit Commission's interpretation of that performance information, it would be useful to review the information used to check whether the Commission had interpreted the information correctly. It was acknowledged that in terms of the "Use of Resources", Harrogate Borough Council had received a four out of four score on Financial Reporting, which placed the authority with only 8% of local authorities achieving that score nationally. The Panel acknowledged that in terms of the score on Financial Standing, significant progress had been made by the authority since the last assessment and also noted the move to Comprehensive Area Assessments (CAA), final guidance upon which would be published later in the summer.

The Panel then **agreed** to receive the letter.

(5.31 pm – 5.40 pm)

41/07 - **ANNUAL GOVERNANCE STATEMENT 2007/08:** The Corporate Improvement Officer (Governance) submitted a written report, the purpose of which was to introduce the Annual Governance Statement, which superseded the Statement on Internal Control.

As part of the introduction to the report, the Corporate Improvement Officer (Governance) confirmed that the statement complied with CIPFA guidance. The Chair referred to a number of minor amendments, in terms of the need to reduce the number of acronyms and re-wording of parts of the document.

The Chair requested an update on the proposal to appoint a Corporate Procurement Manager to be considered by CMT on 20 March 2008. He advised that he would be signing the Governance Statement to endorse that it reflected the governance arrangements considered by the Governance Panel. The final statement would be signed by the Leader of the Council and the Chief Executive, before its approval by the General Purposes Committee.

The Audit Manager advised that some Audit work had yet to be finalised. The Corporate Improvement Officer (Governance) reminded the Panel that there was a year-end review process in place, and that if there were any significant issues, which may affect the Panel's view in relation to the statement, it would be submitted to the Panel for consideration.

Councillor Theakston referred to a reference contained in the report to “culture and values” and suggested that it might be helpful to derive tighter definitions to convey that message. The Corporate Improvement Officer (Governance) advised that the use of terminology used in the guidance received would be challenged on the basis that it tended to be highly technical.

The Panel **agreed** the following forms of words: -

“As a general statement of assurance for the Council the Governance Panel concludes that the Annual Governance Statement 2007/08 is consistent with its view of the Council’s system of internal control and corporate governance arrangements based on knowledge that it has gained through training and reports received during 2007/08. It recommends the statement for signature by the Leader of the Council and the Chief Executive and adoption by the General Purposes Committee.”

(5.40 pm – 5.50 pm)

42/07 - **LOCAL CODE OF CORPORATE GOVERNANCE:** The Corporate Improvement Officer (Governance) submitted a written report, the purpose of which was to introduce the draft Code of Corporate Governance for consideration and development. It was acknowledged that a further report on the Local Code of Corporate Governance would be brought to the Panel in June 2008 and would then be considered by Council. Panel Members had the opportunity to consider the Code in its draft state and make comments to the Corporate Improvement Officer outside of the Panel meeting. It was acknowledged that the guidance received in this regard needed to be more meaningful in terms of its terminology, and it was noted that the Corporate Improvement Officer would be asking for advice from the CIPFA Forum about how far wording could be amended to make the code less technical.

The Panel received the report and draft Code in its current format.

(5.50 pm – 5.58 pm)

43/07 - **DRAFT GOVERNANCE PANEL ANNUAL REPORT:** The Scrutiny Officer submitted the draft version of the Governance Panel’s annual report for 2007/08 and invited the Panel to consider and complete the self-assessment attached to Appendix C to the report. The Panel was also invited to consider any comments or amendments to the draft in advance of its presentation to Council.

The Panel considered the self-assessment attached as an Appendix to the report, and felt able to respond positively to every question set out therein. It was **agreed** that Officers would review work to improve Members’ skills and experience in relation to Governance, and indeed Dr French advised that he would welcome training in relation to his role as a member of the Governance Panel. It was noted that Dr French had been co-opted to the Panel and had not been able to benefit from the same training as those Members of the Panel who had been present from its establishment.

The Scrutiny Officer then referred to the written report, which was a summary of work carried out by the Panel during the course of the last year, and it was noted that the Panel considered that it had operated effectively during the course of the last year, and that it had fulfilled its Terms of Reference. Panel Members asked to see how other local authorities approached this kind of work, and the Audit Manager **agreed** to contact colleagues in other authorities to provide the Panel with this information. The Panel recognised its greater role in 2007/08 in the finalisation of the final accounts.

Overall the Panel felt that it had worked well together as a group and had built up a level of experience and expertise that it hoped would be maintained when the panel reconvened in the new municipal year.

Councillor Theakston then led the Panel in thanking Councillor Clark for his chairmanship during the course of the last year. The report was then received.

(5.58 pm – 6.10 pm)