

**STANDARDS COMMITTEE  
18 APRIL 2007**

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**ETHICAL GOVERNANCE IMPROVEMENT PROJECT**

**Purpose of Report**

1. To advise the Standards Committee of the status of this project.

**Background**

2. At its meeting in April 2006 the Standards Committee recommended that the council undertake an ethical governance improvement project. The need for such a project arose from an ethical governance audit undertaken by the Audit Commission which, while finding that the council's ethical culture was robust, nonetheless gave its ethical governance arrangements a score of only 1 out of a possible 4.
3. The project focussed on areas of improvement and recommendations which formed part of the Audit Commission's report.

**Progress**

4. In October 2006, 6 months after the project was launched, the Audit Commission reviewed the council's ethical governance arrangements as part of the overall Corporate Performance Assessment inspection regime.
5. The Audit Commission evaluated the council's ethical governance arrangements and gave the council a rating of 3 out of a possible 4.
6. This outcome demonstrates a significant improvement, to the extent that the project can be judged to have achieved its objectives and should now be concluded.

**Risk Assessment**

7. There is a risk that if the project is signed off as completed, that the council will no longer consider ethical governance issues to be a priority. This can be mitigated by continuous review of the council's ethical governance to ensure that they remain fit for purpose, and by a programme of continuous improvement. Review mechanisms have been built into the council's systems by means of the corporate governance structure introduced, at the recommendation of this Committee, in the autumn of 2006.

## **Proposal**

8. It is proposed that the Standards Committee reconsiders the code of ethical governance that it approved at its meeting in October 2004 and by full Council in November 2004, with a view to establishing whether there are any areas of ethical governance they wish to focus on in the coming year.

Copy of the Code of Ethical Governance referred to above is attached as an appendix to this report.

## **STEPHEN GERRARD**

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**The following unpublished documents have been relied on in the preparation of this Report:** None