

Agenda item No.10

Title: **Corporate Governance - update**

Lead Member: **Cllr H Osborn - Chair of Audit Committee**

Reporting Officer: **Ian Jamieson - Head of Finance**

Purpose

To consider the revised Local Code of Corporate Governance following the publication of revised CIPFA/SOLACE guidance.

Background

It is a requirement for all Council's to have a Local Code of Corporate Governance.

The current local code was developed in 2003 and is based around the framework developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE).

This code was reviewed by the Audit Committee at its March 2007 meeting in preparation for a full review later in the year.

Governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

It comprises the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.

Key Issues

Framework

The new framework illustrates best practice for developing and maintaining a local code of governance and making adopted practice open and explicit.

The framework recommends that authorities must be able to demonstrate that they are complying with the principles of good governance.

Good governance means:

- (i) focusing on the purpose of the authority and on the outcomes for the community and creating and implementing a vision for the local area

- (ii) members and officers working together to achieve a common purpose with clearly defined functions and roles
- (iii) promoting the values for the authority and demonstrating the values of good governance through upholding high standards of codes of conduct and behaviour
- (iv) taking informed and transparent decisions which are subject to effective scrutiny and managing roles
- (v) developing the capacity and capability of members and officers to be effective
- (vi) engaging with local people and other stakeholders to ensure robust public accountability.

A self assessment tool has been developed to evaluate our governance arrangements. (see Appendix 1)

Annual Governance Review and Reporting

The Framework urges local authorities to test their structures against these principles by:

- reviewing their existing governance arrangements against the Framework
- developing and maintaining an up-to-date, local code of governance including arrangements for ensuring its ongoing application and effectiveness
- preparing a governance statement in order to report publicly on the extent to which they comply with their own code on an annual basis, including how they have monitored the effectiveness of their governance arrangements in the year, and on any planned changes for the coming period.

The Annual Governance Statement replaces the Statement on Internal Control, which was previously published as part of our annual financial statements.

Effect on strategies and codes

The Local Code of Corporate Governance provides the overall governance framework through which local authorities direct and control their functions and relate to their communities.

Risk Management implications

These are contained within the report.

Financial and performance implications

There are no financial implications.

Legal and human rights implications

There are no direct legal or human rights implications.

Next steps

The self assessment will be carried out and reviewed by Corporate Management Team. The code and self assessment will be reviewed by Internal Audit and reported to the Audit Committee meeting in March 2008. The code will then be re-launched and publicised to all members and staff.

Recommendation

The Audit Committee:

Reviews the revised framework for the Code of Corporate Governance.