

**KENNET DISTRICT COUNCIL**

**RESOURCES EXECUTIVE COMMITTEE**  
**to be held on Tuesday 28<sup>th</sup> November 2006**

Report by Janet Ditte, Chief Accountant & Auditor

**Code of Corporate Governance**

**1. Purpose of Report**

The purpose of this report is to present Members with a revised local Code of Corporate Governance, which complies with the latest best practice guidance available and to seek approval for the code.

**2. Financial and Staffing Implications**

There are no direct financial or staffing implications.

**3. Legal Implications**

There are no legal implications of the report.

**4. Risk Implications**

There are no direct risk implications of the report.

**5. Background**

In 2001 CIPFA/SOLACE produced its document "Corporate Governance in Local Government; A Keystone for Community Governance" that provided a single framework for good governance for local government. The framework recommended that local authorities review their existing arrangements against a number of key principles and report annually on their effectiveness in practice.

At Kennet, this process has been largely subsumed by the Statement of Internal Control and the annual review required of this area. However, CIPFA/SOLACE have published a draft revision of the above document, with the final version due to be published shortly. In addition, the Audit Commission have recently published a set of Key Lines of Enquiry for Corporate Governance. Therefore, it is appropriate that the Council review its current arrangements to ensure that they meet the latest best practice.

## 6. Revised Corporate Governance Framework for Local Government

The revised CIPFA/SOLACE document has been subject to consultation and will be published in its final version shortly. The document presents a framework of six core principles, with supporting principles and urges local authorities to:

- Review their existing governance arrangements against this framework;
- Develop and maintain an up-to-date local code of governance
- Prepare an annual governance statement to publicly report the extent to which they comply with their own code and setting out improvement plans, where appropriate.

The revised framework identifies four dimensions of a local authority's business that underpin the governance principles. The dimensions are:

*DIMENSION 1:* to provide leadership for and with the community and engage in effective partnerships;

*DIMENSION 2:* to ensure the delivery of high quality local services whether directly on in partnership or by commissioning;

*DIMENSION 3:* to perform a stewardship role which protects the interests of local people and makes the best use of resources;

*DIMENSION 4:* to develop local democracy and citizenship

The six core principles are drawn from these dimension and underpin and define the meaning of good governance, as follows:

- (i) Focussing on the purpose of the authority and on outcomes for the community including citizens and service users 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 of the authority and demonstrating the values of good governance through behaviour;
- (iv) Taking informed and transparent decisions that are subject to effective scrutiny and managing risk;
- (v) Developing the capacity and capability of members to be effective and ensuring that officers – including statutory officers – also have the capability and capacity to deliver effectively;
- (vi) Engaging with local people and other stakeholders to ensure robust local public accountability.

To achieve good governance, each local authority should be able to demonstrate that they are complying with the core and supporting principles contained in the framework and should therefore develop and maintain a local code of governance comprising the requirements of best practice outlined within the framework.

## **7. Code of Corporate Governance**

A revised Code of Corporate Governance has been prepared based on the best practice requirements of the draft revised CIPFA/SOLACE framework and is attached for information (Appendix A). Adoption of this code will ensure that the Council complies with the requirement to develop and maintain an up to date local code of governance.

As stated in the last section of the code, the next stage will be to formally review and evidence the Council's current governance arrangements against the best practice included within the Code. This review will be the subject of a future report to Members.

## **8. Recommendations**

It is **RECOMMENDED THAT:**

1. Members approve the Code of Corporate Governance presented with this report.

