



REPORT TO: Policy & Resources Committee

DATE: 12 February 2009

REPORTING OFFICER: Council Solicitor
Anthony Winship

SUBJECT: LOCAL CODE OF CORPORATE GOVERNANCE

WARDS AFFECTED: All

1.0 PURPOSE OF THE REPORT

1.1 To approve and recommend to Council a Local Code of Corporate Governance.

2.0 RECOMMENDATIONS

It is recommended that Committee:

- (i) Considers the proposed Local Code of Corporate Governance as the Authority's predominant statement on its governance framework.
- (ii) Refers the Local Code of Corporate Governance to Council for approval to establish it as the recognised Corporate Governance Framework of the Council.
- (iii) Authorises Officers to undertake an annual review of the Local Code of Corporate Governance to ensure it remains valid and representative of recommended good practice and the Council's aims and commitments.

3.0 REASON FOR RECOMMENDATIONS

3.1 To reflect the requirement for a local code of corporate governance to support the annual governance statement.

4.0 BACKGROUND

- 4.1 There is currently no requirement for authorities to have a local code of Corporate Governance and it is, therefore, discretionary if an authority has one and what status it is given. Audit Commission assessments through the previous Comprehensive Performance Assessment have, however, referred to the CIPFA/Solace guidance as an expectation.
- 4.2 In respect of the financial year 2006/07 and before Councils needed to provide a Statement on Internal Control (SIC). Regulation 4 of the Accounts and Audit Regulations (2006) (as amended) requires the Council to conduct a review at least once a year of the effectiveness of its system of internal control and to publish a statement on internal control each year with the Council's financial statements.
- 4.3 For 2007/08 this requirement changed slightly. The SIC was renamed the Annual Governance Statement (AGS), although its content is broadly similar to the former SIC.
- 4.4 The AGS remains a statutory requirement and will consequently be included in the annual accounts.

5.0 REPORT - THE LOCAL CODE OF CORPORATE GOVERNANCE

- 5.1 This derives from review work undertaken by the Independent Commission on Good Governance in Public Services – a commission set up by the Chartered Institute Of Public Finance and Accountancy (CIPFA), and the Office for Public Management.

The commission utilised work done by, amongst others, Cadbury (1992), Nolan (1995) and CIPFA/SOLACE (2001). The Commission identified six core principles which were published in a 2004 publication entitled The Good Governance Standard for Public Services. CIPFA has then adapted these six core principles for application to local authorities.

- 5.2 The core principles are:
- (a) Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.
 - (b) Members and Officers working together to achieve a common purpose with clearly defined functions and roles.
 - (c) Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
 - (d) Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
 - (e) Developing the capacity and capability of Members and Officers to be effective.

- (f) Engaging with local people and other stakeholders to ensure robust public accountability.
- 5.3 In 2007 CIPFA in conjunction with the Society of Local Authority Chief Executives (SOLACE), published guidance ('Delivering Good Governance in Local Government') as to the content of a Local Code of Corporate Governance based upon the six core principles plus a number of sub principles, and it is upon this guidance that the Local Code as set out at Annex A is based.
- 5.4 The underlying purpose of the local code is to demonstrate the Council's commitment to high standards of Corporate Governance. Secondly the annual AGS process gives the assurance that the Council is compliant with the code and arrangements are effective.
- 5.5 As a Local Code, it needs to be adopted and so the process is for it to be referred to Council for final approval.

BACKGROUND PAPERS

Delivering Good Governance in Local Government – Guidance Note for English Authorities published by CIPFA in 2007

Delivering Good Governance in Local Government – Framework published by CIPFA in 2007

Accounts and Audit Regulations 2006

Annual Governance Statement Framework and supporting guidance

OFFICER CONTACT:

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