



AGENDA ITEM : 4

STANDARDS COMMITTEE

27 May 2008

CODE OF CORPORATE GOVERNANCE

1. PURPOSE OF REPORT

- 1.1. To seek approval to a revised Code of Corporate Governance.

2. BACKGROUND

- 2.1. On the 27th January 2004 the Committee approved the Code of Corporate Governance contained in Appendix 1 to this report.
- 2.2. The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, and in regard to economy, efficiency and effectiveness. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs facilitating the effective exercise of the Council including arranging for the acknowledgement of risks.
- 2.3. The governance framework encompasses the systems and processes, cultural values, by which the authority is directed and controlled. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and cost effective services. The system of internal control is a significant part of that framework and is designed to monitor risk to a reasonable level rather than to eliminate all risk.
- 2.4. The Code of Corporate Governance has been reviewed and up dated to incorporate the Corporate Governance framework set out in the CIPFA/SOLACE document "Delivering Good Governance in Local Government". The new framework comprises six core principles that support the governance of the

Council. These core principles of corporate governance underpin the credibility and confidence that the public have in the Council. The six core principles are as follows:-

Core principle 1: - Focussing on the Council's purpose and on outcomes for its citizens and creating and implementing a vision for the area.

Core principle 2: - Members and Officers working together to achieve a common purpose with clearly defined functions and roles.

Core principle 3: - Promoting high standards of conduct across the Council

Core principle 4: - Making transparent decisions that are subject to scrutiny and risk management.

Core principle 5: - Developing the capacity of Members and Officers to be effective.

Core principle 6: - Engaging with local people and stakeholder.

- 2.5. In respect of core principle 1, good governance ensures that the Council fulfils its purpose and achieves the intended outcomes for its citizens and service users and that it operates in an effective efficient economic and ethical manner. The Council has, therefore, developed a clear vision of its purpose and intended outcomes, which is communicated both within the Council and to external stakeholders.
- 2.6. In respect of core principle 2, elected Members are collectively responsible for the governance of the Council. The Local Government Act 2000, introduced new executive arrangements whereby the Council's policy framework, budget and key strategies are determined by the full Council following receipt of proposals from the Executive. The Executive is responsible for implementing those policies and is responsible for exercising all functions of the Council except to the extent that they have been categorised as non-executive functions (e.g. planning, licensing, elections etc). This effectively separates decision making and scrutiny of those decisions with the Executive being responsible for the decision making and the non Executive Members responsible for the scrutiny of those decisions. The Chief Executive, Section 151 officer, monitoring officer and other senior managers are responsible for advising the Executive and Scrutiny Committee on legal, financial and other policy considerations.
- 2.7. In respect of core principle 3, the Council recognises that good governance is underpinned by shared values and is demonstrated in the behaviour of its members and staff. The Council's values are set out in the Council's Strategic Plan and the standards of conduct and behaviour expected of Members and Officers are clearly set out in the Codes of Conduct. Training programmes for both Members and staff support these principles.

- 2.8. In respect of Core Principle 4, the Council recognises that all Council decisions are potentially subject to legal challenge and further that it needs to be able to defend successfully such challenges. In order to do so, the Council must be able to demonstrate that decision makers follow proper due process, that the decision was properly documented and was taken having regard to all relevant considerations whilst ignoring irrelevant considerations. Scrutiny Committees, which comprise non Executive Members, can question and challenge the policy and performance of the Executive, and also the Council's policy and performance in respect of non-Executive functions. Members and Officers must, therefore, have all relevant information before them, including the outcome of any constructive scrutiny and a detailed assessment of the risks, to ensure that Council resources are used legally and efficiently.
- 2.9. In respect of Core Principle 5, the Council needs people with the right skills and needs to draw on the largest possible pool of potential officers to recruit people with the necessary skills. The Council's learning and development needs are met through training, e-learning and other methods delivered in accordance with the Council's Peoples Strategy to ensure Members and employees have the necessary skills and knowledge to be effective in carrying out their respective responsibilities.
- 2.10. In respect of Core Principle 6, the Council is committed to engaging with its citizens. Community participation and engagement is essential to secure sustainable improvement in public services and to engage citizens in the public decision making processes that affect their lives. There is a range of consultation and engagement mechanisms to identify the views and priorities of local people from Community Councils and neighbourhood forums to regular and comprehensive surveys. The Council is responsive to local views and is particularly sensitive to the needs of vulnerable people.
- 2.11. The proposed revised Code of Corporate Governance is contained in Appendix 2 and deals with the issues raised in the CIPFA/SOLACE

3. RECOMMENDATION

- 3.1. That the attached Code of Corporate Governance be approved.

4. REASONS

- 4.1. By adopting and complying with the Code of Corporate Governance, the Council can be satisfied that his business will be conducted in accordance with the law and proper standards and that the risk of challenge will be minimised.

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