

MAIDSTONE BOROUGH COUNCIL
RECORD OF DECISION OF THE CABINET

Decision Made: 13 July 2011

LOCAL CODE OF CORPORATE GOVERNANCE

Issue for Decision

To consider and approve an amended Local Code of Corporate Governance.

Decision Made

1. That the amended Local Code of Corporate Governance, as set out in Appendix A of the report of the Chief Executive, be approved.
2. That the views of the Audit Committee be sought.

Reasons for Decision

The principles and standards of good corporate governance in local government were set out in a previous framework and guidance notes published by CIPFA/SOLACE in 2001. In August 2001, Cabinet agreed that the Council implements the recommendations of this publication "Corporate Governance and Local Government in England and Wales – A Keystone for Community Governance". Cabinet agreed a local code in September 2003 and has considered an annual update since then.

In 2007 CIPFA/SOLACE updated their guidance in the publication "Delivering Good Governance in Local Government". This publication set out a number of core principles and supporting principles, which may be summarised as follows:-

Core Principle 1 – will focus on the purpose of the Authority and on outcomes for the community in creating and implementing the vision for the local area:

Core Principle 2 – Members and officers will work together to achieve a common purpose with clearly defined functions and roles;

Core Principle 3 – promote values for the Authority and demonstrate the values of good governance through upholding high standards of conduct and behaviour;

Core Principle 4 – take informed and transparent decisions which are subject to effective scrutiny and manage risk;

Core Principle 5 – develop the capacity and capability of Members and

officers to be effective;

Core Principle 6 – engage with local people and other stakeholders to ensure robust public accountability.

In May 2008, Cabinet agreed a Local Code of Corporate Governance that was based on the new requirements and an annual update was also agreed in May 2009.

In 2010 CIPFA published guides to the role of the Chief Finance Officer and the Head of Internal Audit. Both guides considered the role of these officers in relation to the Local Code of Corporate Governance. Consideration has been given to these publications in updating the Local Code of Corporate Governance.

Since 2004, an officer working group has existed to review and monitor Corporate Governance issues. The working group is chaired by the Chief Executive and includes the Director of Regeneration & Communities, Director of Change, Planning & the Environment, Head of Legal Services, Head of Audit Partnership and the Head of Finance & Customer Services. This Working Group has considered the framework agreed last year and attached at Appendix A of the report of the Chief Executive is the proposed updated Local Code of Corporate Governance and this includes a full analysis of the core principles, and the supporting principles and details the current practice of this Authority in delivering good governance.

It is intended that where there are areas of weakness or omission that this will be addressed in 2011.

During 2011 consideration will also need to be given to the impact of the proposed Localism Bill, and in particular suggested changes to the standards regime which will have an impact on this code.

As supporting evidence to allow Audit Committee to agree the Statement of Accounts, Audit Committee will be presented with an Annual Governance Statement; this will cover the whole range of Corporate Governance as set out in the framework. The Annual Governance Statement, attached at Appendix A to the report of the Chief Executive (Annual Governance Statement) will detail the major elements of Corporate Governance, the review process, any weaknesses identified and an action plan to address those weaknesses.

Alternatives considered and why rejected

The agreement to an Annual Code is now considered best practice and is necessary to allow the Audit Committee to agree the Statement of Accounts by its statutory date of end of September 2011.

Background Papers

CIPFA/SOLACE publication Delivering Good Governance in Local Government.

Minutes of the Corporate Governance Officer Working Group

Should you be concerned about this decision and wish to call it in, please submit a call in form signed by any two Non-Executive Members to the Head of Change and Scrutiny by: **20 July 2011**