

# **MAIDSTONE BOROUGH COUNCIL**

## **AUDIT COMMITTEE**

**7 JUNE 2010**

### **REPORT OF CHIEF EXECUTIVE**

**Report prepared by Paul Riley**

#### **1. LOCAL CODE OF CORPORATE GOVERNANCE**

##### 1.1 Issue for Decision

1.1.1 This report requests Audit Committee to consider and approve an amended Local Code of Corporate Governance in line with the publication by CIPFA/SOLACE "Delivering Good Governance in Local Government".

##### 1.2 Recommendation of the Chief Executive

1.2.1 It is recommended that Audit Committee:-

- a) Consider and approve the amended Local Code of Corporate Governance as set out in **Appendix A**;

##### 1.3 Reasons for Recommendation

1.3.1 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.

1.3.2 In 2007 CIPFA/SOLACE updated their guidance in the publication "Delivering Good Governance in Local Government". This publication sets 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.

- 1.3.3 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 Resources & Partnerships, Director of Change & Environmental Services, Head of Corporate Law & Legal Services and the Head of Internal Audit & Risk Strategy. This Working Group has considered the framework agreed last year and attached at **APPENDIX A** 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.
- 1.3.4 The framework, as set out in **Appendix A**, identifies the Council's focus for 2010/11 and as such will be an important tool for this Committee in 2010/11.
- 1.3.5 Included elsewhere on this agenda is the Annual Governance Statement for 2009/10. This statement reviews the framework approved for 2009/10 and identifies actions required to address any weaknesses. A similar statement will be brought to this Committee in 2011 that reviews this 2010/11 framework.

#### 1.4 Alternative Action and why not Recommended

1.4.1 The agreement to an Annual Code is now considered best practice and is necessary in order for this Committee to agree the Statement of Accounts 2010/11 by its statutory date of end of June 2011.

#### 1.5 Impact on Corporate Objectives

1.5.1 Good Corporate Governance includes the methodology of the Authority in consulting the public, creating key priorities and their delivery.

#### 1.6 Risk Management

1.6.1 The local code identifies the processes used by the Council to involve the public in decision making and those for service delivery and standards. These issues are essential to address reputational risk and help demonstrate value for money in the Use of Resources.

1.6.2 The local code also identifies the processes whereby the Authority address risk management as part of its good corporate governance arrangements.

#### 1.7 Other Implications

1.7.1 None.

#### 1.8 Relevant Documents

##### 1.8.1 Appendices

**Appendix A** - Local Code of Corporate Governance

##### 1.8.2 Background Documents

CIPFA/SOLACE publication Delivering Good Governance in Local Government.

Minutes of the Corporate Governance Officer Working Group

**IS THIS A KEY DECISION REPORT?**

Yes

No

If yes, when did it first appear in the Forward Plan?

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This is a Key Decision because: .....

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Wards/Parishes affected: .....

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