

MAIDSTONE BOROUGH COUNCIL

CABINET

13 JULY 2011

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 Cabinet 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 Cabinet:-

- a) Consider and approve the amended Local Code of Corporate Governance as set out in **Appendix A**;
- b) Seek the views of the Audit Committee.

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 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.

- 1.3.3 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.
- 1.3.4 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** 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.
- 1.3.5 It is intended that where there are areas of weakness or omission that this will be addressed in 2011.
- 1.3.6 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.

1.3.7 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 will detail the major elements of Corporate Governance, the review process, any weaknesses identified and an action plan to address those weaknesses. The Annual Governance Statement is included elsewhere on this agenda.

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 to allow the Audit Committee to agree the Statement of Accounts by its statutory date of end of September 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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