

**Standards Committee – 12<sup>th</sup> April 2010**

**Report of the Director of Corporate Resources and Monitoring Officer**

**Revised Code of Corporate Governance**

**Purpose of the Report**

1. This report proposes an updated Code of Corporate Governance for approval by the Standards Committee.

**Background**

2. In 2001, the Chartered Institute of Public Finance and Accountancy [CIPFA] and the Society of Local Authority Chief Executives [SOLACE] produced a framework for good governance which was based around the Cadbury and Nolan Reports. Dudley subsequently issued its own Code of Corporate Governance based around the CIPFA/SOLACE model.
3. CIPFA/SOLACE issued a revised framework in July 2007.
4. This guidance made several references to partnership working and the Partnership Working & Consultation Group made a commitment to take into account the updated Code of Corporate Governance in :-
  - a. Issuing Partnership Governance Guidelines to all significant partnerships
  - b. Ensuring the Partnership Evaluation Tool includes appropriate questions on governance
5. The CIPFA/SOLACE guidance provided that good governance :-
  - a. Leads to good management, performance, stewardship of public money, public engagement and, ultimately, good outcomes for citizens and service users
  - b. Enables an authority to pursue its vision effectively as well as underpinning that vision with mechanisms for control and management of risk
  - c. Is how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner
  - d. Comprises the systems and processes, and culture and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.”
6. The principles of openness, accountability, integrity, inclusion and transparency are embodied in the guidance which is formally based around six core principles of good governance drawn up by the Independent Commission on Good Governance

in Public Services which was established by CIPFA and the Office for Public Management in partnership with the Joseph Rowntree Foundation.

The six core principles are as follows :-

- 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 accountability
7. For each of the six core principles, CIPFA/SOLACE issued “supporting principles” together with examples of how any local code of governance should reflect each core principle.
8. The Code must be adhered to by all Members and Officers of the Council. It is important that Members and Senior Officers continue to endorse the Code and ensure all actions are in line with the Code.
9. CIPFA/SOLACE guidance also included a successor the Statement of Internal Control [SIC], the Annual Governance Statement [AGS]. The conceptual format of the AGS is not that different from the SIC in that you are required to cover the :-
  - a. Scope of responsibility
  - b. Purpose of the governance framework
  - c. Governance framework
  - d. Review of effectiveness
  - e. Significant governance issues
10. CIPFA envisage that work on the governance statement will be co-ordinated by a designated working group of the authority, which would report its findings to the designated committee of the authority. In Dudley we established a Corporate Control Group in 2008 which has assisted in co-ordinating evidence gathering and production of the AGS before it is submitted to the Audit Committee for approval. Like the SIC the AGS is signed by the Chief Executive and Leader of the Council
11. Part of the Audit Services work programme for preparing the AGS is an annual review of the level of compliance with the Code of Corporate Governance.
12. The updated Code of Corporate Governance is attached at Appendix 1. The following amendments should be noted:-
  - Page 4 and 15 – Statutory Complaints System for Adults’ and Children’s Social Care;
  - Page 8 – Role of the Treasurer;

- Page 18 – Training for Members with particular reference to quasi-judicial committees.

### **Finance**

13. This report has no direct financial effect.

### **Law**

14. There is no statutory requirement for the Council to produce a Code of Corporate Governance.

15. The Accounts & Audit Regulations 2006 do require the Council to produce an Annual Governance Statement which has to be published with the Annual Accounts.

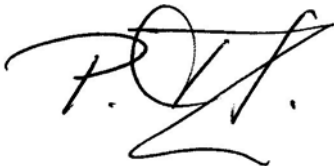
### **Equality Impact**

16. The adoption of a revised Code of Corporate Governance is one part of the Councils commitment to fair treatment for all.

17. Children and young people were not consulted on, or involved, with the preparation of this report.

### **Recommendation**

18. That the Committee consider the updated Code and recommend its approval by the Leaders of the political groups through use of the expedited procedure.



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