

Audit Committee - 19th April 2012

Report of the Treasurer

Review of the Code of Corporate Governance

Purpose of the Report

1. To provide Members with a short history on the Code of Corporate Governance in Dudley MBC and the result of a review of the Code of Corporate Governance.
2. To ask Members to approve a revised Code of Corporate Governance.

Background

3. The responsibility for corporate governance changed during 2010 so that now the responsibility has passed to the Audit Committee as per the revised Terms of Reference which now includes :-

“(11) Determination of all necessary action associated with the Council’s Corporate Governance Arrangements.”
4. 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.
5. CIPFA/SOLACE issued a revised framework in July 2007 and in 2008 the Standards Committee approved a revised Code of Corporate Governance which was subsequently approved by full Council.
6. The 2007 CIPFA/SOLACE guidance stated 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.
7. 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.
8. 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
9. 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. CIPFA/ASOLACE produced additional guidance in 2010 on matters appertaining to the role of the Chief Financial Officer.
10. The Code of Corporate Governance is an important part of the arrangements for corporate governance and it has been usual practice for it to be reviewed annually. The Head of Audit coordinates the review and consults with the Corporate Governance Group which is made up of senior officers from each Directorate. Consultation also takes place with the Chief Executive, Director of Corporate Resources [and Monitoring Officer], Treasurer and the Director of Dudley Community Partnership.
11. The current review has taken into account the Localism Act and noted that a Localism Steering Group is currently looking at a range of matters including committee structure, community engagement, etc.

12. A revised Code of Corporate Governance has been drafted and is attached at Appendix A. The third column represents the existing content of the Code in terms of how the Council meets the requirements and commitments of the core principles and the fourth column represents the proposed wording.

Finance

13. There are no direct financial implications arising from this report.

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 along with the Annual Accounts.

Equality Impact

16. The adoption of a 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 members note the content of this report and approve the revised Code of Corporate Governance.

19. That members authorise the Director of Corporate Resources to take the necessary action to incorporate the revised Code into the Constitution.



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Treasurer

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