

## **Meeting of the Council – 13<sup>th</sup> October, 2008**

### **Report of the Cabinet**

### **Revised Code of Corporate Governance**

#### **Purpose of the Report**

1. To consider an updated Code of Corporate Governance.

#### **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 and in their guidance note they suggest that since the first framework was published, local government has been subject to continued reform intended to improve local accountability and engagement. They further suggest that over the next few years local government will need a strong governance framework to be able to cope with a range of pressures including the need to deliver extensive change and meet rising expectations on quality and responsiveness of services.
4. The new guidance makes several references to partnership working and the Partnership Working and Consultation Group has 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 suggests 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 have issued “supporting principles” together with examples of how any local code of governance should reflect each core principle.
  8. Following consultation with Senior Officers a revised draft Code of Corporate Governance for the Council was considered by the Standards Committee at its meeting on the 1<sup>st</sup> July 2008. The Standards Committee approved minor alterations to the draft and have recommended its approval by the Cabinet and Council. A copy of the revised draft is attached at Appendix 1 and is in a format similar to the current Code.
  9. Once approved the Code would need to be adhered to by all Members and Officers of the Council. It is important that Members and Senior Officers endorse the Code and ensure all actions are in line with the Code.
  10. On consideration of the information contained in this report, the Cabinet, at its meeting held on 10<sup>th</sup> September 2008, resolved to recommend the Council as set out in paragraph 16 below.

### **Finance**

11. This report has no direct financial effect.

### **Law**

12. There is no statutory requirement for the Council to produce a Code of Corporate Governance.
13. The Accounts and Audit Regulations 2006 do require the Council to produce an Annual Governance Statement which has to be published with the Annual Accounts.

### **Equality Impact**

14. The adoption of a revised Code of Corporate Governance is one part of the Council's commitment to fair treatment for all.
15. Children and young people were not consulted on, or involved, with the preparation of this report.

### **Recommendation**

16. That the revised Code of Corporate Governance as set out in Appendix 1 to this report, be approved.

*David Caunt*

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**Leader of the Council**