

## **Code of Corporate Governance**

### **Summary**

1. The purpose of this report is to present a draft Local Code of Corporate Governance, for consideration and approval by Executive members.

### **Background**

2. In June 2007, the Chartered Institute for Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE) published a revised Framework on Corporate Governance. The new Framework replaced the previous CIPFA/SOLACE guidance and was intended to build on the Good Governance Standard for Public Services drawn up by the Independent Commission on Good Governance in Public Services. The revised Framework represents best practice in local government and is designed to help local authorities develop and maintain appropriate governance arrangements. Under the terms of the Framework all local authorities are encouraged to review their existing corporate governance arrangements, prepare a local code of corporate governance (based on the Framework) and publish an Annual Governance Statement (AGS) demonstrating compliance with the Code. It is a legal requirement to publish the AGS as part of the Statement of Accounts.

#### **The Draft Code of Corporate Governance**

3. The CIPFA/SOLACE Framework identifies six core principles necessary to support good governance, 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 public accountability.

The Framework document, in turn, outlines a series of supporting principles and provides examples of best practice. Local authorities are recommended to develop and maintain a local code of governance, and to report publicly on the extent to which the code has been complied with.

- 4. A draft Local Code of Corporate Governance is attached at Annex 1 to this report, detailing the arrangements which the council currently has in place. It has been structured around the six core principles outlined in the CIPFA/SOLACE Framework. For each principle, the Code details the council's existing governance arrangements. These arrangements take various forms including policies, structures, processes and procedures. The overall responsibility for each element of the governance framework is also identified in section 5 of the Code. Furthermore, the Code identifies the arrangements for monitoring ongoing compliance with, and the effectiveness of, these arrangements.
- 5. Whilst a version of this Code was produced in 2007 in consultation with the Audit & Governance Committee, it was in need of review and approval by the Executive. To support this work and to assist with the preparation of the 2008/09 AGS, the Officer Governance Group has been responsible for coordinating the overall review of the council's governance arrangements. During February and March 2009 a series of workshops have been held with a range of senior officers across the council to 'baseline' the governance arrangements against the standards set out in the Good Governance Framework. In addition, Internal Audit has conducted the annual review of the council's internal control environment. Any areas of significant control weakness which have been identified will be published in the Annual Governance Statement and may feature as priorities within the refreshed Single Improvement Plan for 2009/10. The Code of Governance will be updated, as necessary, in line with any improvements. The early outcomes of the recent governance review were reported to the Audit and Governance Committee on 31 March 2009.

### **Conclusions**

- 6. In preparing a Local Code of Corporate Governance, the council is formalising its commitment to demonstrate good governance. Furthermore it will enable the council to meet current legislative requirements.

### **Consultation**

- 7. An early draft of this Code and the conduct and initial findings of the governance review have been reported to Audit & Governance Committee. The Officer Governance Group and the Performance & Business Assurance Team have been involved in conducting the review and updating the Code.

## Options

8. Not relevant for the purpose of the report.

## Analysis

9. Not relevant for the purpose of the report.

## Corporate Priorities

10. This report contributes to the council's overall aims and priorities by helping to ensure probity, integrity and honesty in everything it does. It also contributes to the improving organisational effectiveness priority.

## Implications

11. The implications are:
  - **Financial** – there are no financial implications to this report.
  - **Human Resources (HR)** – there are no HR implications to this report.
  - **Equalities** – there are no equalities implications to this report.
  - **Legal** – there are no legal implications to this report other than compliance with Audit & Accountancy Regulations.
  - **Crime and Disorder** – there are no crime and disorder implications to this report.
  - **Information Technology (IT)** – there are no IT implications to this report.
  - **Property** – there are no property implications to this report.

## Risk Management

12. The council will fail to properly comply with the requirements of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*.
13. The council will fail to comply with legislative requirements if it does not publish an Annual Governance Statement with the annual Statement of Accounts. The council would be criticised by the external auditor if the process followed to prepare the Annual Governance Statement was not sufficiently robust and without reference to compliance with its Code of Corporate Governance. This in turn would adversely impact on the council's score for the Use of Resources Assessment and therefore impact on York's overall CAA report published in November 2009.

## Recommendations

14. Executive members are asked to:

- Consider and approve the Code of Corporate Governance as presented at Annex 1.
- Note the intention to prepare an action plan to address any identified weaknesses in the council's existing governance arrangements within the Annual Governance Statement and where agreed, in the Single Improvement Plan.

### Reason

*To enable the council to comply with best practice and legislation in respect of its corporate governance arrangements.*

## Contact Details

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Report Approved

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## Specialist Implications Officers

Not applicable

Wards Affected: Not applicable

All

**For further information please contact the author of the report**

## Background Papers:

Delivering Good Governance in Local Government – Framework 2007 (CIPFA/SOLACE)  
The Good Governance Standard for Public Services 2004 (Independent Commission on Good Governance in Public Services)

## Annexes

Annex 1 – Draft Code of Corporate Governance