

<b>REPORT TO:</b>	<b>AUDIT SUB-COMMITTEE</b>	<b>AGENDA ITEM:</b> 9
<b>DATE OF MEETING:</b>	<b>14<sup>TH</sup> DECEMBER 2011</b>	<b>CATEGORY:</b> <b>DELEGATED</b>
<b>REPORT FROM:</b>	<b>MONITORING OFFICER</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>MARK ALFLAT</b> <a href="mailto:mark.alflat@south-derbys.gov.uk">mark.alflat@south-derbys.gov.uk</a>	<b>DOC:</b> u/ks/governance/local code/update Dec 11
<b>SUBJECT:</b>	<b>LOCAL CODE OF CORPORATE GOVERNANCE – UPDATE</b>	<b>REF: MA/PMW</b>
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: AS 04</b>

### **1.0 Recommendation**

1.1 That progress on the Action Plan for 2011/12 is considered and noted.

### **2.0 Purpose of Report**

2.1 To update on work associated with strengthening the Council's Corporate Governance arrangements as set out in the approved action plan. This plan was approved by the Committee in June 2011 and in accordance with Council procedures, this report provides a six monthly update.

### **3.0 Background**

3.1 The current Local Code of Corporate Governance was adopted by the Council in July 2008. It is based on a best practice document and principles which were founded by the professional organisations SOLACE and CIPFA. The local code provides evidence of how the Council had fulfilled or intended to fulfil its commitment to corporate governance.

3.2 In approving the Code, Full Council resolved that the Audit Sub-Committee should receive half yearly reports on progress in relation to compliance with the six core principles on which the Code is based. This was to ensure that the Audit Sub-Committee oversaw and monitored arrangements for complying with Corporate Governance issues, including approving the Annual Governance Statement.

#### **What is corporate governance?**

3.3 Corporate Governance is the system by which a Council directs and controls its functions and relates to its community. Good Corporate Governance is essential in demonstrating there is credibility and confidence in the public services we provide. Sound arrangements are founded upon openness, integrity and accountability, together with the over-arching concept of leadership.

#### **The purpose of a Local Code of Governance**

3.4 The Local Code of Governance is a single document that aims:

- To serve as a management tool for reviewing and monitoring existing Corporate Governance arrangements.
- To ensure that evidence about our governance arrangements is available and to fulfil statutory commitments required in the Annual Governance Statement.
- To help develop plans for improving arrangements for Corporate Governance

### **What Governance arrangements are measured against**

3.5 The local coded is based on six core principles:

1. Focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision for the local area.
2. Members and Officers working together to achieve a common purpose with clearly defined functions and roles.
3. Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
5. Developing the capacity and capability of Members and Officers to be effective.
6. Engaging with local people and other stakeholders to ensure robust public accountability.

3.6 A corporate group of senior Officers, consisting of the Monitoring and Chief Finance Officers, together with the Corporate Policy & Communications Manager, meet on a six monthly cycle to assess the Council's Governance arrangements.

3.7 On an annual basis, this group undertakes a detailed self-assessment against a checklist by assessing the documents/processes and other means used to measure compliance with the six supporting principles. This is reported in detail to the Committee in June and is considered as part of the Annual Governance Statement.

3.8 This assessment may identify internal factors and new external requirements that need to be addressed to ensure that the Council maintains effective governance arrangements.

3.9 This is then formulated into an action plan that aims to meet any new requirements or identified areas of risk. The action plan approved for 2011/12 with progress is set out in **Appendix 1**.

## **Summary of Progress to-date**

- 3.10 All actions are on track or have been completed within the timescale. The main issue outstanding that will have an impact on Governance arrangements is the Localism Act 2011 which received Royal Assent on 15<sup>th</sup> November 2011.

### **Ethical Standards and the Localism Act 2011**

- 3.11 This will affect the local ethical standards framework. Full details are awaited and a detailed report on the impact is planned for Council in January 2012.
- 3.12 Briefly, the new Act provides discretion locally on standards, in particular as they apply to elected Members. The current national framework and the requirement to have a local Standards Committee will be abolished from April 2012. Each authority will need to determine a set of standards that govern the conduct of Members and in particular if, when and how "interests" are declared.

### **4.0 Financial Implications**

- 4.1 None directly arising from the report.

### **5.0 Corporate Implications**

- 5.1 The Code overarches all of the Council's activities and compliance with it will necessarily take into account most policies and strategies in relation to these issues.
- 5.2 The self assessment process is an important element in ensuring that the Council keeps under review its Local Code of Corporate Governance in order to continue to maintain the six core principles.

### **6.0 Community Implications**

- 6.1 A key aim of the authority is community leadership, which is concerned with the style and manner in which the Council operates and how we relate to local people and partners. One important aspect included in this aim is our policies and arrangements for corporate governance.

### **7.0 Background Papers**

- CIPFA/SOLACE publication "*Delivery Good Governance in Local Government*".

