

BRECKLAND COUNCIL

CABINET : 8 January 2008

REPORT OF THE DEPUTY CHIEF EXECUTIVE **(Author: Chief Accountant)**

CODE OF GOVERNANCE

Summary: To consider the revised Code of Governance prior to recommendation to Council for approval.

1. INTRODUCTION/BACKGROUND

- 1.1 A joint working group sponsored by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) has been developing a revised framework for corporate governance in local authorities. It finally published this framework, 'Delivering Good Governance in Local Government', in July 2007.
- 1.2 The new framework illustrates best practice for developing and maintaining a local code of governance and making adopted practice open and explicit. It sets out six core principles:
- focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area
 - Members and Officers working together to achieve a common purpose with clearly defined functions and roles
 - promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
 - taking informed and transparent decisions which are subject to effective scrutiny and managing risk
 - developing the capacity and capability of members and officers to be effective
 - engaging with local people and other stakeholders to ensure robust public accountability

2. KEY DECISION

- 2.1 This is a key decision

3. COUNCIL PRIORITIES

- 3.1 The matters raised in this report fall within the following Council priorities:
- A safe and healthy environment
 - A well planned place to live which encourages vibrant communities
 - A prosperous place to live and work

The corporate nature of this code covers the full range of council services and priorities.

4. REVISED CODE OF PRACTICE AND REPORTING REQUIREMENTS

- 4.1 To reflect the changes in the guidelines it is proposed that the Council adopts a new Code of Governance which follows the principles outlined in the guidance. The suggested code is found in Appendix A.

- 4.2 In addition to the revised framework, new statutory requirements have been introduced by the Accounts and Audit Regulations 2006, which requires authorities to conduct a review of governance arrangements at least annually, and to prepare an annual governance statement. This replaces the Statement on Internal Control, which had formerly been approved as part of the annual accounts process. The new statement will cover all significant corporate systems, processes and controls, spanning the whole range of an authority's activities. This statement will be required to be signed by the Leader and the Chief Executive, and approved by Council or a delegated committee.
- 4.3 The standard CIPFA/SOLACE checklist showing examples of good practice is shown in Appendix B. A self assessment has been conducted and an action plan is being produced where arrangements need to be strengthened. This self assessment will need to be considered by Audit Committee as part of the annual review before the sign-off of the Governance Statement. Appendix C gives some examples of good practice, along with some self-assessment questions adapted from the guidance published by CIPFA/SOLACE.

5. RISK

- 5.1 Having effective governance arrangements in place enhances the internal control arrangements of the Council. The arrangements are in effect controls for a wide range of risks to which the authority is exposed.

6. OPTIONS AVAILABLE

- 6.1 To recommend the code to Council for approval
6.2 Not to have a Code of Governance

7. REASONS FOR RECOMMENDATION

- 7.1 To provide a clear framework for managing the Council's governance arrangements in accordance with best practice.

8. RECOMMENDATIONS

- 8.1 To recommend to Council the approval of the Code of Governance.

Appendices:

Appendix A – Code of Governance

Appendix B – CIPFA/SOLACE checklist

Appendix C – Good governance examples and self-assessment questions