

By: Richard Long – Chairman of the Governance and Audit Committee  
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To: County Council – 17 May 2012

Subject: Review of the Code of Corporate Governance

Classification: Unrestricted

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## Summary

This report asks the County Council to approve the recommendation of the Governance and Audit Committee to endorse a revised Code of Corporate Governance. Revision of the Code was one of the actions arising from the 2010/11 Corporate Governance Audit, and this report also provides an update on other actions arising from that audit.

## FOR DECISION

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### **1. Introduction**

(1) The final report of the 2010/11 Corporate Governance Audit identified the following actions for Democratic Services:

- (i) Appendix 10 of the Constitution (the Code of Corporate Governance) should be rewritten to ensure that it includes all requirements of 'Delivering Good Governance in Local Government (2007)', published jointly by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE).
- (ii) The Constitution should be updated to take full account of the CIPFA 'Statement on the role of the Chief Financial Officer in Local Government (2010)'.
- (iii) The roles of Scrutiny and regulatory committees should be clarified, particularly following the restructure of the authority. An assessment should be completed regarding what scrutiny committees are required, and their roles clarified and detailed in the Constitution.
- (iv) Consideration should be given as to the viability of extending the Forward Plan to ensure proper transparency and accountability for decisions taken by officers within their delegated limits.

### **2. The Code of Corporate Governance**

(1) The audit findings relating to Appendix 10 of the Constitution specifically highlighted that the current Code of Corporate Governance should comprehensively

cover the recommendations of the CIPFA/SOLACE guidelines and that the code should be clarified around what corporate governance means to the authority.

(2) It should be noted that the Council is under no legal obligation to comply with the CIPFA/SOLACE guidelines, although they are recognised by the Audit Commission and the Local Government Association (amongst others) as representing best practise.

(3) A draft revised Code of Corporate Governance (**Appendix 1**) has been developed that takes into account the audit findings and which, in its electronic form, also provides immediate access to supporting policies and other key documents by way of hyperlinks.

(4) The revised Code was endorsed by the Corporate Management Team (CMT) on 24 January 2012 and approved by the Governance and Audit Committee on 18 April. The approval of the County Council is now sought.

### **3. The role of the Chief Financial Officer**

(1) The CIPFA guidance on the role of the Chief Financial Officer (summary attached to the appended Audit report) runs to several pages, and explores ground covered within the KCC Financial Regulations. This raises the question of how best to embed such requirements within the governance arrangements of the Council without unnecessarily duplicating in the Constitution what may already exist in other key policies and protocols.

(2) As part of a comprehensive review of the Constitution it will be established how best to cover the required ground, including the option of appending the Financial Regulations to the Constitution.

### **4. Clarifying the roles of Scrutiny and regulatory committees**

(1) The required clarity around scrutiny and regulatory functions formed part of the comprehensive review of governance arrangements, which has been approved by the Council and implemented in April 2012.

### **5. Extending the Forward Plan**

(1) For some time there has been an ongoing dialogue around broadening the scope of the Forward Plan to include non-Key Member decisions. Further discussion is required to fully establish criteria for this, and also to explore the extent to which significant officer decisions should be included and on what basis.

(2) In considering the above, CMT have recommended that officers should:

- (a) Offer to set up regular (monthly) directorate briefings with opposition groups to advise them of forthcoming significant officer decisions;
- (b) Use the new Cabinet Committees for discussion of significant officer decisions;

- (c) Use the proposed new scheme of officer delegations to ensure appropriate Member consultation and involvement in significant officer decisions.

## **6. Recommendation**

The County Council is asked to:

- (i) Approve the draft revised Code of Corporate Governance (Appendix 1); and
- (ii) Note the position in relation to the additional actions recommended following the 2010/11 Corporate Governance Audit

### **Background Documents:**

1. 'Delivering Good Governance in Local Government (2007)', published jointly by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE).
2. CIPFA 'Statement on the role of the Chief Financial Officer in Local Government (2010)'.

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