

LOCAL CODE OF CORPORATE GOVERNANCE

1 SUMMARY

- 1.1. The purpose of this report is to seek Member approval to the adoption of a Local Code of Corporate Governance as set out in Appendix 1 to the report as recommended by Chartered Institute of Public Finance and Accountancy/Society of Local Authority Chief Executives (CIPFA/SOLACE)

2 INTRODUCTION

- 2.1. The term “Corporate Governance” came into common use following the Cadbury Report in 1992. This report addressed issues raised in relation to events at BCCI and Maxwell Communications.
- 2.2. The issue of corporate governance in the public sector came about as a result of concerns raised by politicians and the media with regard to conduct of public business and perceptions of sleaze in public life. The Nolan Committee found that the vast majority of Councillors and officers observe high standards of conduct and are aware that high ethical standards are critical to maintain public confidence in local government.
- 2.3. Whilst corporate governance has been the subject of a number of reports and publications, there has not been a comprehensive framework of principles and standards for local authorities to adhere to.
- 2.4. In 2001 CIPFA and SOLACE published “Corporate Governance in Local Government : A Keystone for Community Governance”. This document defined corporate governance for local authorities as “the system by which local authorities direct and control their functions and relate to their communities”.
- 2.5. All local authorities have been recommended to draw up a Local Code of Corporate Governance and to monitor compliance with it. A statement will need to accompany the publication of the final accounts, setting out the Council’s compliance with the Code.

3 COMPREHENSIVE PERFORMANCE ASSESSMENT

- 3.1. Whilst details of how Comprehensive Performance Assessment (CPA) is to be applied to District Councils are yet to be clarified, it would

appear that the Corporate Governance Assessment will form a significant element of the CPA.

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- 4.1. Appendix 1 of this report sets out the proposed Code. Officers are at present undertaking an assessment of how we compare to the requirements set out in the CIPFA/SOLACE guidance.
- 4.2. Early indications are that the Council, in the majority of cases, complies with the Code. In those areas where it does not, the main factors preventing compliance are the need to produce a Community Plan, set up a Local Strategic Partnership and adopt and implement a formal Risk Management Strategy. The completed assessment will be presented to Members at the September cycle of meetings.
- 4.3. It will be necessary to monitor the Council's compliance with the Code and publish a statement of compliance on an annual basis.

5 RESOURCE IMPLICATIONS

- 5.1. The main resource will be senior officer time in monitoring and producing the annual compliance statement.

6 RECOMMENDATION

It is proposed that the Committee **RESOLVES** to adopt the Rochford Local Code of Corporate Governance as set out in the Appendix to this report.

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