

# CHESHIRE EAST

## Standards Committee

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**Date of meeting:** 7 October 2008  
**Report of:** Governance Group  
**Title:** Standards Committee – Code of Corporate Governance

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### **1.0 Purpose of Report**

- 1.1 To provide the Committee with an introduction to the code of corporate governance and to highlight the elements of relevance to the Standards Committee.

### **2.0 Decision Required**

- 2.1 The Committee is asked to note the work that the Governance and Constitution Committee is undertaking to develop a Code of Corporate Governance and to consider the elements of the Code which are most relevant to the Standards Committee and its functions, so that views can be fed back to the Governance and Constitution Committee.

### **3.0 Information**

- 3.1 Whilst a Code of Corporate Governance is not strictly a legal requirement, having one in place which meets Audit Commission requirements is best practice, because the Annual Governance Statement is required by the Accounts and Audit Regulations and a Code of Corporate Governance simplifies the production of the Annual Governance Statement as all the expected core principles in the CIPFA/SOLACE framework should be present in the local Code. Therefore, evidencing compliance with the local Code will also provide significant evidence to support the Annual Governance Statement. The degree to which the authority follows the principles in the governance framework should be declared in its Annual Governance Statement.
- 3.2 The Code of Corporate Governance is about how local government bodies ensure they are doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner. In 2001, the principles of good governance were drawn together into a single framework. Local authorities were recommended to review their existing governance arrangements against a number of key principles set out in the framework and to report annually on their effectiveness in practice. This framework has been reviewed and updated from time to time.

- 3.3 Within the framework there are a number of principles which are of relevance to the Standards Committee. These fall within the heading of promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.

#### **4.0 Elements of Code relevant to the Standards Committee**

The guidance states that any local code produced by the local authority should reflect the following values and behaviour:

- Ensure that standards of conduct and personal behaviour expected of members and staff, of work between members and staff and between the authority, its partners and the community are defined and communicated through codes of conduct and protocols.
- Put in place arrangements to ensure that members and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practice.
- Put in place arrangements to ensure that systems and processes are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness in practice.
- Develop and maintain an effective standards committee

4.1 An extract from the guidance is attached at appendix A. This provides an idea of the type of documents that will be used to show compliance but also demonstrates that a code of corporate governance is very much about self assessment and continuous improvement.

4.2 The Standards Committee is invited to note that the Governance and Constitution Committee considered a report on the issue on 8 September and is undertaking work to develop a Code to be in place by 1 April 2009 and will be considering a further report in due course.

#### **5.0 Financial Implications for Transition Costs**

None directly as this work will be carried out through internal resources within the Cheshire authorities.

#### **6.0 Legal Implications**

Whilst not strictly a legal requirement, a local code of corporate governance which satisfies Audit Commission best practice provides significant evidence to support the Annual Governance Statement, which is required by the Accounts and Audit Regulations.

#### **7.0 Risk Assessment**

As 6.0 above.

## **8.0 Overview of Day One, Year One and Term One Issues**

A local code of corporate governance needs to be in place by 1 April 2009. The annual review of the code and production of a statement of internal control is usually included with the statement of accounts, which must be published by 30 June 2010. The Council is required to include the AGS document in the approval process of the statement of accounts, the statutory deadline for which was brought forward by the Accounts and Audit Regulations to the end of June from the 2005/6 financial year. The Council is required to publish the Statement before 30 September immediately following the end of a year

### **For further information:**

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### **Background Documents:**

Cadbury Report 1992 [http://www.ecgi.org/codes/code.php?code\\_id=132](http://www.ecgi.org/codes/code.php?code_id=132)

Nolan Report 1995 <http://www.archive.official-documents.co.uk/document/cm28/2850/285002.pdf>

“Corporate Governance in Local Government” – CIPFA

“Delivering Good Governance in Local Government” – CIPFA

Accounts and Audit (Amendments) England) Regulations 2006

## CODE OF CORPORATE GOVERNANCE WORKING GROUP – WORKING PAPERS

### Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

The local code should reflect the requirement for local authorities to:	Source documents / good practice / other means that may be used to demonstrate compliance	Owner	Self Assessment score	Plans for Improvement
<ul style="list-style-type: none"> <li>• ensure that standards of conduct and personal behaviour expected of members and staff, of work between members and staff and between the authority, its partners and the community are defined and communicated through codes of conduct and protocols</li> </ul>	<ul style="list-style-type: none"> <li>• members'/officers' code of conduct</li> <li>• performance management system</li> <li>• performance appraisal</li> <li>• complaints procedures</li> <li>• anti-fraud and -corruption policy</li> <li>• member/officer protocols</li> </ul>			
<ul style="list-style-type: none"> <li>• put in place arrangements to ensure that members and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practice</li> </ul>	<ul style="list-style-type: none"> <li>• standing orders</li> <li>• codes of conduct</li> <li>• financial regulations</li> </ul>			
<ul style="list-style-type: none"> <li>• put in place arrangements to ensure that systems and processes are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness in practice</li> </ul>	<ul style="list-style-type: none"> <li>• codes of conduct</li> </ul>			
<ul style="list-style-type: none"> <li>• develop and maintain an effective standards Committee</li> </ul>	<ul style="list-style-type: none"> <li>• terms of reference</li> <li>• regular reporting to the council</li> </ul>			
<b>Reference documents</b> <i>Standards of Conduct in English Local Government: The Future</i> , ODPM (2005) <b>Tools to assist local authorities for self assessment purposes</b> <i>Ethical Governance Diagnostic: Setting High Standards in Public Life</i> , Audit Commission (2005)				