

Audit Committee – 24th January 2008

5. Local Code of Corporate Governance

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Purpose of the Report

This report outlines the Solace (Society of Local Authority Chief Executives and Senior Managers) /CIPFA (Chartered Institute of Public Finance Accountants) framework for delivering good governance in local government. The report also introduces a revised “Local Code of Corporate Governance” to reflect this.

Recommendations

That the Audit Committee approves the revised Local Code of Corporate Governance (attached at pages 3-18).

Background

The Local Code of Corporate Governance was last updated in July 2007 to take into account the changes that have occurred since it’s first publication. These were:

- Changes to the Management Structure of SSDC;
- Inclusion of the underlying principles of the Corporate Plan;
- Updated principles of Corporate Governance;
- Updated to include new evidence to support actions.

Further guidance and best practice has now been published and some improvements are required to this. South Somerset District Council will be required to produce an annual Governance Statement at the end of the financial year. This will replace the annual Statement of Internal Controls and must be published as a separate document as well as summarised within the Statement of Accounts. It is therefore important that the Governance Statement reflects SSDC performance against best practice.

Terry Bowditch from the Audit Commission will be attending the meeting to give a short presentation on the new annual Governance Statement that members will need to approve in May 2008.

Report

The revised guidance outlines that to comply with the principles of corporate governance it is important to ensure that compliance is reflected in each dimension of the Council’s business. The dimensions are defined as:

- 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 the local people and other stakeholders to ensure robust public accountability

The Local Code of Corporate Governance shows how SSDC can demonstrate compliance within these dimensions and therefore it can support the annual Governance Report. At the end of the financial year the authority must produce a Governance Report with the evidence of how it is meeting the code and its internal controls and processes. The local code will be assessed and an action plan will be put in place for any improvements required and this will be monitored through the Audit Committee.

Financial Implications

There are no financial implications.

Background Papers: *Report to Audit Committee – 26th July 2007*
Local Code of Corporate Governance
