

REVIEW OF THE CODE OF CORPORATE GOVERNANCE

Report By: Assistant Chief Executive - Legal and Democratic

Wards Affected

County Wide.

Purpose

1. To consider and agree a revised Code of Corporate Governance for the Council following the issuing of a new governance framework and guidelines.

Financial Implications

2. None arising as a direct result of this report.

Recommendations

3. **THAT:**
 - (a) **The Standards Committee agrees the redrafted Code of Corporate Governance and Foreword for adoption by Council on 31 October 2008.**

Background

4. The Committee will recall considering a revised Code of Corporate Governance at its meeting on 4 July 2008, which the Vice Chairman of the Audit and Corporate Governance Committee had attended and had communicated the views of that Committee.
5. The Standards Committee had agreed that two main factors needed to be addressed and clarified to ensure the robustness of the Code of Corporate Governance;
 - (i) The Code needed to be simpler, easier to use and written in an appropriate form and style in order that it engaged with, and was accessible to, the people of Herefordshire.
 - (ii) The Code should not mix statements of principle and aspirations (appropriate to a Code) with that of compliance reporting.

Further information on the subject of this report is available from Alan McLaughlin,
Assistant Chief Executive Legal and Democratic Services
on tel: (01432 260200)

6. The Standards Committee acknowledged that the revised Code of Corporate Governance had been prepared according to CIPFA/SOLACE guidance and was mindful that, were the Herefordshire Code to depart substantially from national guidance, it would be necessary to ensure that the Code met the requirements of CIPFA/SOLACE by seeking their view on this matter.
7. The Standards Committee undertook to redraft of the Code of Corporate Governance which would take account of the agreed approach of both the Audit and Corporate Governance Committee and Standards Committee and would be considered at the respective Committee meetings scheduled for 25 September and 17 October 2008.
8. The attached redraft has been produced by Mr Robert Rogers, the Chairman of the Standards Committee and has been circulated to the members of the Standards Committee and the Chairman and Vice Chairman of the Audit and Corporate Governance. Suggested amendments received from members to the redraft have been included in the version as agreed by Mr Rogers.
9. The principle of the redrafted document is that it forms a comprehensible contract between the Council and the people of Herefordshire. It is acknowledged that should more practical guidance be required within the Council about how the Code's aspirations are to be put into effect, a parallel commentary/instructions could be prepared, and may be necessary to secure CIPFA/SOLACE endorsement/compliance.
10. Within the redrafted Code, the six principles have been reduced to five, because it was considered that that Member/Officer co-operation was sufficiently close to issues of capability for the two to be combined.
11. The formal approval for the redrafted Code of Corporate Governance was sought from the Audit and Corporate Governance Committee on 25 September 2008, and the Committee agreed the following:

That, subject to any supplemental or commentary instructions to the Code of Corporate Governance being submitted by officers to the Audit and Corporate Governance Committee for ratification and subsequent approval by Council, the redrafted Code of Corporate Governance be agreed for consideration by the Standards Committee for onward adoption by Council on 31 October 2008.
12. The Standards Committee is therefore requested to consider this final draft as approved by the Audit and Corporate Governance Committee – for completeness, including the Foreword which had been previously approved by the Standards Committee on 13 April 2007 - for onward submission to the meeting of Council on 31 October 2008.

Further information on the subject of this report is available from Alan McLaughlin,
Assistant Chief Executive Legal and Democratic Services
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Reasons

13. To meet the requirements of Accounts and Audit Regulations 2003 (as amended) and to ensure governance arrangements continue to meet best practice.
14. An annual review of the Code of Corporate Governance will be conducted to produce an Annual Governance Statement, in order to formally meet audit and accounting regulations.

Risk Management

15. The Code of Corporate Governance is needed to meet the requirements of the Audit and Accounts Regulations 2003 (as amended) and to ensure that governance arrangements continue to meet best practice

Background Papers

Cabinet Report – 27 March 2008: Annual Governance Statement 2008

Audit and Corporate Governance Agenda Papers – 3 July 2008

Standards Committee Agenda Papers – 4 July 2008

Appendices

Appendix 1 – Foreword to the Code of Corporate Governance

Appendix 2 – Redrafted Code of Corporate Governance, as revised by the Standards Committee and approved by the Audit and Corporate Governance Committee.