

MILTON KEYNES COUNCIL CODE OF CORPORATE GOVERNANCE

Contact Officer: Philip McCourt (Head of Legal Services and Monitoring Officer) - 01908 252962

1. Purpose

- 1.1 The basic principles of good corporate governance would require the Council to carry out its functions in a way that demonstrates accountability, effectiveness, integrity, inclusivity and is up to date.
- 1.2 This report seeks the adoption of the attached Code of Corporate Governance for Milton Keynes Council as a public statement of the Council's commitment to these principles and sets out clearly the way in which it will meet that requirement.

2. Recommendations

- 2.1 **That the Committee considers and approves the adoption of the draft Milton Keynes Council Code of Corporate Governance (attached as Annex A) as a public statement of the Council's commitment to these principles and the means by which it will achieve them.**
- 2.2 **That the Committee notes the specific operational requirements that the Council will evidence to ensure that the Milton Keynes Council Code of Corporate Governance is being observed (attached as Annex B).**

3. Issues and Choices

- 3.1 Good governance for local authorities means ensuring they are doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.
- 3.2 The CIPFA/SOLACE Framework (The Chartered Institute of Public Finance and Accountancy and the Society of Local Authority Chief Executives), now revised and updated in partnership with other organisations such as ACSeS (Association of Council Secretaries and Solicitors), provide a means for developing and maintaining a local Code of Corporate Governance and for discharging accountability for

the proper conduct of public business, to support the publication of an Annual Governance Statement. It defines the principles that should underpin governance, and suggests best practice as:

- reviewing the Council's **existing governance arrangements** against the Framework
- developing and maintaining a **local Code of Corporate Governance**, including arrangements for ensuring its ongoing application and effectiveness. (A discretionary requirement but considered best practice)
- preparing **annually, a Governance Statement** to report publicly on the extent to which the Council complies with its local code, including how the effectiveness of these arrangements during the year have been monitored, and on any planned changes in the coming period. (This is a statutory requirement under the Accounts and Audit (Amendment) Regulations 2006).

3.3 The Framework outlines six core principles of good governance and translates each one into a range of specific requirements that should be reflected in the local code. The six core principles are:

- (1) Focussing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.
- (2) Members and Officers working together to achieve a common purpose with clearly defined functions and roles.
- (3) Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
- (4) Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
- (5) Developing the capacity and capability of members and officers to be effective.
- (6) Engaging with local people and other stakeholders to ensure robust public accountability.

3.4 The Framework suggests four key roles which Governance arrangements should support:

- (a) to engage in effective partnerships and provide leadership for and with the community
- (b) to ensure the delivery of high quality local services whether directly or in partnership
- (c) to perform a stewardship role which protects the interests of local people and makes the best use of resources

- (d) to develop citizenship and local democracy
- 3.5 The Framework also requires a review, at least annually, of the Council's governance arrangements to ensure:
- (a) continuing compliance with best practice as set out in the framework;
 - (b) arrangements are adequate and operating effectively in practice;
 - (c) where reviews of the governance arrangements have revealed gaps,
action is planned that will ensure effective governance in future.
- 3.6 The Framework provides a new and strong focus on joint/group working and partnership governance arrangements.
- 3.7 The Annual Governance Statement (AGS) is the formal statement that recognises, records and publishes an authority's governance arrangements. It is a statement that subsumes and broadens the previously required Statement on Internal Control (SIC), and was required to be published with the Council's financial statements relating to 2007/08 (and onwards) to ensure compliance with the Accounts and Audit (Amendment) Regulations 2006. These Regulations require authorities to "conduct a review at least once in a year of the effectiveness of its system of internal control" and to prepare a statement on internal control in accordance with "proper practice". With effect from 2007/08, proper practice is defined as the requirement for an AGS in place of the SIC, as set out in the CIPFA/SOLACE Framework.
- 3.8 The process of preparing the AGS should itself add value to the corporate governance and internal control framework of the Council, which is the subject of separate reporting.
- 3.9 The Framework commends the development of a governance code as best Work has now taken place on the drafting of a local Code of Corporate Governance, and this is attached as **ANNEX A**
- 3.10 It should be noted that the Standards Board for England has made it clear that, as a newly formed regulatory authority overseeing the standards activities of local authorities and standards committees, that it expects Standards Committees will become more involved in governance arrangements. In accordance with this requirement a report on the local Code and AGS will be submitted to the Standards Committee at its meeting on 25th June 2009.
- 3.11 The attached draft incorporates input from finance, legal, policy and service department staff. However, like the AGS, the code should add value and should result in something that is widely 'owned'.

- 3.12 There is a danger that it is no more than a dry and dusty statement of abstract principles. Equally, the local Code of Corporate Governance is, of course, a 'living document', in that it can and should be periodically re-visited.
- 3.13 The Monitoring Officer and Section 151 Officer will be responsible for ensuring an annual review of compliance with this Code and the Head of Audit and Risk Management will independently audit these processes.
- 3.14 There is a danger that it is no more than a dry and dusty statement of abstract principles. With the intention of promoting ownership, therefore, the review process will consider seeking input, as well as from the Audit Committee, from:
- the Standards Committee
 - the Overview and Scrutiny process (Commission or Committees)
 - the Corporate Leadership Team; and
 - the Cabinet.
- 3.15 To begin this process, within the framework that the local Code provides, officers have developed specific operational requirements that the Council will evidence to ensure that the 6 core principles of Corporate Governance are being observed. (attached as **ANNEX B**)

4. **Background Papers**

- 4.1 Draft local code of corporate governance
- 4.2 CIPFA/SOLACE 'Delivering Good Governance in Local Government.'
- 4.3 Annex One: specific operational requirements to show adherence to the local code of corporate governance.