



Leicester  
City Council

**WARDS AFFECTED**  
**All**

**FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:**

**Cabinet**  
**Council**

**20 May 2002**  
**30 May 2002**

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**Corporate Governance**

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**Report of the Chief Finance Officer**

**1. Purpose of Report**

To obtain the agreement of the Cabinet to a proposed Local Code of Corporate Governance and proposed internal arrangements for assessing and reporting on compliance with that code.

**2. Summary**

- 2.1. Following the publication of "Corporate Governance in Local Government-A keystone for Community Governance", by CIPFA and SOLACE, the Council is now expected to review its corporate governance arrangements, to adopt a Local Code of Corporate Governance, to establish processes for gaining assurance that the code is being adhered to and to publish annually a statement to the effect that a review has taken place, together with the outcome of that review.
- 2.2. Latterly, the White Paper "Strong Local Leadership, Quality Public Services" introduced the concept of Comprehensive Performance Assessment, which incorporates review of Corporate Governance Arrangements, as a feature of that assessment.
- 2.3. Directors' Board and Finance, Resources and Equal Opportunities Scrutiny Committee have considered the proposed code, and its recommendations to the Cabinet are stated below.

**3. Recommendations**

The Cabinet is recommended to

- 3.1. Agree and recommend to the Council adoption of the Local Code of Corporate Governance as attached to this report
- 3.2. Agree the processes as set out below, for the appointment of a Corporate Governance Champion (The Town Clerk), and for compiling annual assurance statements (a specimen of which is also attached).

**4. What is Corporate Governance?**

- 4.1. In broad terms, Corporate Governance is the system by which local authorities direct and control their functions and relate to their communities. It is, essentially, the set of systems and procedures by which an authority knows it is being managed effectively.
- 4.2. That system should ensure that, in all its activities, the Council adheres to and demonstrates that it adheres to, the core principles of good governance set out in the Nolan Report<sup>1</sup> viz openness and inclusivity, integrity and accountability.

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<sup>1</sup> Report of the Committee on Standards in Public Life- May 1995

## **5. Why is it important?**

5.1. The importance of establishing systems of good corporate governance derives from the increasing need to have established processes which can be evidenced, and which show citizens of the City that the Council demonstrates

- openness and inclusivity through its relationships with stakeholders, providing opportunities for them to contribute effectively to decision-making and producing access to full, accurate and clear information which is capable of scrutiny,
- integrity based on honest, selflessness and objectivity in its dealings, together with high standards of propriety and probity in the stewardship of public funds.
- accountability for its decisions and actions, including stewardship of public funds and all aspects of performance.

## **6. Recent Developments**

6.1. The White Paper “Strong Local Leadership, Quality Public Services” provides for the introduction of a “comprehensive performance assessment”, which incorporates an assessment of the Council’s Corporate Governance arrangements. It is important therefore to ensure that the Council’s arrangements are adequate, effective and adhere to accepted guidelines as regards their operation in practice.

6.2. With effect from 2001/02 financial year, all local authorities will be expected to have reviewed their existing corporate governance arrangements against the CIPFA/SOLACE framework<sup>2</sup>, and prepared and adopted a local code of corporate governance. It will also be considered good practice for authorities to include a statement that they have done this, within their annual financial statements (starting with 2001/02 financial year) and to refer to it in their Best Value Performance Plans (starting with 2002/03).

## **7. Our approach**

7.1. In devising an approach to these developments, it was important to ensure that as far as possible, delivery of good corporate governance became an integral part of the way the council operates, and not an additional layer of bureaucracy with which to comply.

7.2. In actuality, much of what is done is already carried out in accordance with principles of good corporate governance; and systematising and enhancing current practice will it is believed, meet any new requirements, especially relating to review and reporting.

7.3. A draft local code and specimen annual assurance statement are attached in the supporting paper. The code has been based on the CIPFA/SOLACE guidelines, and tries to reflect the core principles which should be at the heart of the Council’s operations.

7.4. A part of this specification of core principles is the need to regularly review how the authority is performing against the code and to publish the results. Regular review by the Council is key to the maintenance of effective governance arrangements and to that end, a number of proposals are recommended for adoption.

## **8. Proposals**

8.1. Appointment of the Chief Executive as the officer responsible for signing off the annual assurance statement, together with the Leader of the Council

8.2. Appointment of one member of Directors’ Board as “Corporate Governance Champion”. This person would act as the focal point for collating information from each of a number of nominated lead officers, and reporting to the Board and members on the outcome of the review of governance arrangements, and identifying where remedial action is required where non-compliance is indicated.

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<sup>2</sup> “Corporate Governance in Local Government- A keystone for Community Governance- A Framework and Guidance Note”.- CIPFA/SOLACE Joint publication.

8.3. Identification of key policies and procedures, and the nomination of lead officers who would be responsible for satisfying themselves that the key policies and procedures for which they are responsible work properly in practice, and reporting annually to the Corporate Governance Champion.

## 9. Key Policies and Procedures

9.1. These are set out in the supporting papers, within the Draft Local Code. Directors' Board has agreed nominated officers for each policy and procedure listed.

9.2. Internal Audit will include as part of its annual operation plan, review of individual assurance statements and of the overall annual assurance, and will report on its findings to the Town Clerk, as Corporate Governance Champion”.

## 10. Financial and Legal Implications

	YES/NO	Paragraph References within Report
Financial	No	-
Legal	No	-
Equal Opportunities	No	-
Policy	No	-
Sustainable and Environmental	No	-
Crime and Disorder	No	-
Human Rights Act	No	-
Elderly/people on low incomes	No	-

## 11. Background Papers

‘Corporate Governance in Local Government, A Keystone for Community Governance – A Framework and Guidance Note’

Report of the Committee on Standards in Public Life, May 1995

‘Strong Local Leadership, Quality Public Services’, White Paper

## 12. Consultations

District Auditor, Assistant Chief Executive (Corporate Management) and Directors’ Board have been consulted on this report and its proposals.

## 13. Report Author/Officer to contact:

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