



Haringey Council

Agenda item:

[No 1]

The Cabinet

On

17 June 2008

Report Title: **Local Code of Corporate Governance**

Report of: **The Monitoring Officer and Head of Legal Services**

Forward Plan reference number: **N/A**

Non-Key Decision

Wards(s) affected: **All**

Report for **Recommendation to full Council**

1. Purpose (That is, the decision required)

1.1 To inform Cabinet Members about the background to the Local Code of Corporate Governance and to obtain the Cabinet's approval of the draft Local Code for Haringey which is to be recommended to full Council in July for adoption

2. Introduction by the Leader

2.1 The Local Code of Corporate Governance will help define what Members and officers should be doing to promote good governance within the Council. The "Nolan Committee" on Standards in Public Life developed six core principles for all public bodies. The Local Code builds on these with a series of supporting principles and actions that show how good governance should be embedded in practice. Adoption of the Local Code will reinforce public confidence in the integrity and effectiveness of the Council and support its Community Leadership role.

3. Recommendations

3.1 That Cabinet Members approve the draft Haringey Local Code of Corporate Governance attached as the Appendix to the report and recommend to full Council meeting on 14 July that the Code be formally adopted.

3.2 That Cabinet Members approve the measures to publicise the Code after its adoption proposed in paragraph 7.5 of this report.

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4. Director of Finance Comments

4.1 There are no specific financial implications

5. Head of Legal Services Comments

5.1 The legal and constitutional implications are set out in the body of the report.

6. Local Government (Access to Information) Act 1985

6.1 [List background documents]

The Council's Constitution and relevant CIPFA/SOLACE Guidance

6. Background

6.1 This report is related to a report on the draft Annual Governance Statement (AGS) which has been considered and approved by the Cabinet Advisory Board on 24 April 2008 and by the Audit Committee on 12 May. The AGS should finally be approved, along with the Council's Statement of Accounts for 2007/08, at the meeting of the General Purposes Committee on 26 June.

6.2 The draft AGS explains the need for a Code of Corporate Governance as part of the Council's "governance framework". At the end of the draft AGS is an Action Plan which includes as a major issue the approval and adoption of Haringey's own Local Code of Corporate Governance by full Council by September 2008.

6.3 However, the issue around the adoption of a Local Code of Corporate Governance goes beyond the AGS process because the Code will be an important tool in demonstrating and maintaining effective corporate governance across the Council.

6.4 The Local Code of Corporate Governance has its origins in the third report of the "Nolan Committee" on standards in public life back in 1997. This third report into standards in Local Government resulted in the statutory Members' Code of Conduct and supervision by the Standards Board for England and local Standards Committees.

6.5 The importance of embedding a "governance framework" in each Council was recognised and taken forward by CIPFA (the Chartered Institute of Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives and Senior Managers). In 2001 these bodies published a Guidance Note entitled "Corporate Governance in Local Government – A Keystone for Community Governance". This encouraged all Councils to adopt their own Local Codes of Corporate Governance. The concept was that each Council would review its existing governance arrangements against the key principles in the Guidance and report annually on their effectiveness in practice.

6.6 The Guidance Note was updated in 2006 in a revised version entitled "Delivering Good Governance in Local Government". The revisions took into account areas that merited

greater emphasis notably the role of Standards and Audit Committees, partnership arrangements, risk management and the relationship of the governance framework with the statutory Statement on Internal Control and the “Good Governance Standard” recommended by the Independent Commission on Good Governance in Public Services.

6.7 The revised Guidance defines good governance by reference to 6 core principles:

- (i) Focussing on the purpose of the Council and on outcomes for the community and implementing a vision for the local area,
- (ii) Members and officers working together to achieve a common purpose with clearly defined functions and roles,
- (iii) Promoting the Council’s values and demonstrating the values of good governance through upholding high standards of conduct and behaviour,
- (iv) Taking informed and transparent decisions which are subject to effective scrutiny and risk management,
- (v) Developing the capacity and capability of Members and officers to be effective, and
- (vi) Engaging with local people and other stakeholders to ensure robust public accountability.

6.8 The Guidance contains a template for Councils seeking to produce their own Local Codes of Corporate Governance. It starts with the 6 core principles above and develops them through a number of supporting principles that illustrate the application of the core principles in practice. Beneath the supporting principles are a range of practical actions/arrangements that each Council should already have in place. While there may be some scope for local interpretation, use of this template will help ensure that Councils include all the essential points.

7. Haringey Local Code of Corporate Governance

7.1 The Appendix to this report is a draft Local Code of Corporate Governance which follows the CIPFA/SOLACE template. This draft Local Code was reported to CEMB on 5 February and 1 April and to Cabinet Advisory Board which approved the draft on 24 April 2008. This report is intended to explain the need for a Local Code of Corporate Governance in Haringey and to seek the Cabinet’s approval before the draft is recommended to full Council on 14 July for formal adoption.

7.2 It is suggested in the Guidance that Councils should nominate a Lead Officer with the knowledge and experience to oversee the implementation of the new Local Code of Corporate Governance and the processes needed to monitor its effectiveness in practice. This role would be suitable for the Monitoring Officer/Head of Legal Services

but there would need to be support from the core officer group, mentioned in the report on the AGS, which also comprises the Head of Local Democracy & Member Services, the Head of Audit & Risk Management and key officers from within the Legal Service, Corporate Finance and Performance and Policy.

- 7.3 The Lead Officer will be responsible for reviewing the operation of the Local Code of Corporate Governance on an annual basis. They will report at the end of each municipal year to both the Cabinet and full Council on compliance with the Code and any changes that appear desirable. There will also be regular reports to CEMB on these matters.
- 7.4 If the Local Code of Corporate Governance is to be effective, it will be necessary for all senior managers at first and second tier levels to accept responsibility for publicising and implementing the Code in their Services and for monitoring compliance. All Services would be expected to contribute appropriate information and recommendations for the annual reports to Members.
- 7.5 Following adoption of the Local Code of Corporate Governance, it would assist “buy in” if there was publicity across the Council to raise the profile of the Code with officers and Members. This could be achieved through team briefing, articles in Smart Talk, publicity on Harinet and the inclusion of reference to the Code in training material. The draft Code attached in the Appendix to this report contains suggested links to Harinet and the Council’s external website to render it more “user-friendly”.
- 7.6 The adoption of a Local Code of Corporate Governance would confirm the Council’s commitment to achieving high standards of corporate governance and would assist the Council’s Community Leadership role. Although the Guidance behind the Code is not specifically intended for the purposes of CPA assessment, the adoption of a Code would also be a significant advantage in connection with the Use of Resources Key Lines of Enquiry on corporate governance arrangements.

8. Process for Consulting Member Bodies before Adoption

- 8.1 The adoption of a Local Code of Corporate Governance is not an express statutory function and there is no legal requirement for the formal decision to be taken either by Cabinet or full Council. However, given the significance of the document, approval of the draft Code is being recommended to the full Cabinet at this meeting in June with the final adoption to be resolved by full Council on 14 July 2008.
- 8.2 Since the adoption of the Code will be important for both the Council’s audit functions and the maintenance of high standards of conduct, the draft Code has also been reported to the meetings of the Audit Committee on 12 May and the Standards Committee on 10 June.

- 8.3 The Audit Committee asked for a reference to be included in the draft Local Code about the distinct roles of the Council's Leadership and its Opposition. This is now incorporated into the appendix to this report at sub-paragraph (f) on page 2 under the heading "Introduction and Background".
- 8.4 Any specific comments from the Standards Committee will be reported orally to the Cabinet meeting on 17 June.

9. Recommendations

- 9.1 That Cabinet Members approve the draft Haringey Local Code of Corporate Governance attached as the Appendix to the report and recommend to full Council meeting on 14 July that the Code be formally adopted.
- 9.2 That Cabinet Members approve the measures proposed in paragraph 7.5 of this report to publicise the Code after its adoption.

10. Use of Appendices / Tables / Photographs

- 10.1 The Appendix to this report is the draft Haringey Local Code of Corporate Governance proposed for adoption by full Council.