

Corporate governance – integrating the ethical agenda

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Chair: David Prince, Chief Executive, The Standards Board for England

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The story so far...

- 2000: publication of the CIPFA/SOLACE framework
- Good governance on the map
- Embedded in public reporting
- Influential in corporate performance assessment design and focus

A constantly changing landscape

- Constitutions
- Standards
- Executive and scrutiny functions
- Inspection regimes
- Controls assurance
- Audit committees
- A shift in emphasis from conformance to performance

The good governance standard for public services

- The work of an independent commission chaired by Sir Alan Langlands
- A unified standard
- Governor perspective
- Consumer/taxpayer/elector perspective
- Demystifying public governance
- Visit www.cipfa.org.uk for more information

The statutory officer roles

- A unique feature of local authority governance
- A positive and distinctive innovation or a bureaucratic millstone?
- The need for wider understanding of the roles
- Potentially a source of strength and support to top teams of members and officers
- Importance of dialogue, discussion and explanation

What next?

- New draft CIPFA/SOLACE framework consultation, June to September
- Working group now reviewing consultation responses
- New framework to be published late autumn
- An opportunity for local government to set the new standard

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The changing role and status of corporate governance in public services

The draft CIPFA/SOLACE framework on corporate governance is based on four dimensions:

1. to provide leadership for and with the community, and engage in effective partnerships
2. to ensure delivery of high quality services whether directly, in partnership, or by commissioning

3. to perform a stewardship role which protects the interests of local people and makes the best use of resources
4. to develop local democracy and citizenship

Corporate governance: three key areas

Statutory officers:

- chief executive
- section 151 officer
- monitoring officer

New constitutions:

- elected mayors
- power delegated to individuals
- executive

New partnerships:

- local strategic partnerships
- local area agreements
- joined up public services

Setting the culture

Statutory officers

Beyond the statutory role:

- champions or role models
- deployed
- monitor, assess and review
- design structures, processes and policies

A proactive and positive role for members

New constitutions

Beyond the standards committee:

- champions or role models
- political structures, processes and policies
- understand and have ownership of corporate or managerial structures, processes and policies

- be prepared to act not just when something goes seriously wrong but before

Local partnerships

New partnerships

Beyond existing partnerships:

- strengthened local strategic partnerships?
- pooling of resources through local area agreements?
- joining up public services – health and social services?
- joining up back office services or contact centres to achieve savings

A warning bell

The local government white paper, the Lyons Inquiry, changes to the Model Code, new corporate governance framework and so on...

- Devolution or delegation
- Accountability or power
- Informal partnerships or legal bodies

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Good governance in the local authority sense means focusing on:

- Purpose and outcomes
- Working together for a common purpose
- Good governance through good behaviour
- Informed and transparent decisions
- Capacity and capability
- Robust local public accountability
- Output and outcome

How to ensure good governance arrangements

- Review arrangements against the CIPFA/SOLACE framework
- Develop and maintain an up-to-date local code of governance
- An annual governance report

Living it out

- Ensure council members and officers exercise leadership by behaving in a way that upholds high standards and exemplifies effective governance
- Ensure organisational values are put into practice and are effective

The local code should reflect the requirement for local authorities to:

- Develop and maintain an effective standards committee
- Ensure that members and officers are not influenced by prejudice, bias or conflicts of interest
- Ensure that procedures and operations comply with appropriate ethical standards

A governance statement should include the following information:

- Who is responsible for ensuring a system of good corporate governance
- An indication of the level of assurance provided
- Key elements of the governance arrangements
- The process of maintaining and reviewing the effectiveness of the governance arrangements
- How significant governance and internal control issues will be dealt with

The governance statement is designed to ensure that:

- Policies are put in place and processes followed
- Values are met
- Laws and regulations are complied with
- Published information is accurate and reliable
- Internal resources are managed efficiently and effectively
- High quality services are delivered efficiently and effectively

In conclusion

The governance statement covers performance issues – good governance promotes good service, but poor service performance reflects a failure of governance.

Approval and ownership of the governance statement at corporate level, with widespread ownership and living out of its principles.

Separate review and approval will help to ensure robustness and reinforce corporate standing.

Embed the governance statement into an authority's business process, which maps strategic objectives with risks, controls and assurances.

Looking ahead...

The framework could well figure prominently in any corporate governance assessment of local authorities by the Audit Commission and/or other strategic regulator(s) in future rounds of comprehensive performance assessments, corporate governance inspections or their successors.

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