

Overview and Scrutiny Committee

13 March 2018



Title	Review of Code of Corporate Governance		
Purpose of the report	To note		
Report Author	Michael Graham, Monitoring Officer		
Cabinet Member	Councillor Ian Harvey	Confidential	No
Corporate Priority	Not applicable		
Recommendations	The Overview and Scrutiny Committee is asked to recommend approval of the updated Code of Corporate Governance to Cabinet and note the required amendments to the Annual Governance Statement.		
Reason for Recommendation	Not applicable		

1. Key issues

- 1.1 The Chartered Institute of Public Finance & Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE) have updated the Delivering Good Governance in Local Government framework. This framework defines the principles that should underpin the Council's governance structure. The new framework is broadly the same but the key principles have substantially changed.
- 1.2 As a result of the changes we are required to:
 - Review our existing arrangements.
 - Develop an updated local code of corporate governance to reflect the new principles.
 - Report publically on compliance with the local code and monitor its effectiveness
- 1.3 Local authorities are required to formally adopt the new framework and, in doing this, the Council's Code of Corporate Governance has been reworded to reflect the key changes in the guidance.
- 1.4 The Code will support the production of the Annual Governance Statement (AGS) reported to the July Audit Committee, which helps to demonstrate how the Council's values, constitution and policies align to the new principles of governance.

2. Options analysis and proposal

2.1 The Council is required to adopt the framework and use the principles to update the Code of Corporate Governance. The Code of Corporate Governance explains the definition of corporate governance and the main benefits. It lists the key principles and the evidence that will support how the requirements of each principle will be met.

2.2 As well as underpinning our rules and procedures, the new code must also reflect the Council's values and behaviours. The updated Code of Corporate Governance is attached as **Appendices 1 and 2**. The changes to the principles are explained below;

	Previous Principles		New Principles
1	Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area (Now C)	A	Behave with integrity demonstrating strong commitment to ethical value and respecting the rule of law.
2	Members and Officers working together to achieve a common purpose with clearly defined functions and roles (Now E)	B	Ensure openness and comprehensive stakeholder engagement
3	Promoting the values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour (Now A)	C	Define outcomes in terms of sustainable economic, social, and environmental benefits
4	Taking informed and transparent decisions which are subject to effective scrutiny and managing risk (Now F)	D	Determining the interventions necessary to optimise the achievement of the intended outcome. (New)
5	Developing the capacity and capability of members and officers to be effective (Now E)	E	Manage the entity's capacity, including the capability of its leadership and the individuals within.
6	Developing the capacity and capability of members and officers to be effective (Now E)	F	Managing risks and performance through robust internal control and strong public financial management.
		G	Implementing good practices in transparency, reporting, and audit to deliver effective accountability.(New)

2.3 When the AGS is compiled it will need to reflect these changes and show how the Council can evidence that it complies with these through an assurance process .We also need to have a detailed action plan in place to show how and when any significant governance issues will be dealt with.

3. Financial implications

- 3.1 There are no implications for the purpose of this report. The Annual Governance Statement forms part of the Statement of Accounts that is audited by our external auditors and then approved by the Council and published.

4. Other considerations

- 4.1 This report contributes to the statutory and audit requirements and supports the development of an effective and efficient council.
- 4.2 Regulation 6 of the Accounts and Audit Regulations 2015 requires an authority to conduct a review at least once a year of the effectiveness of its systems of internal control and include a statement reporting on the review with any published statement of accounts.
- 4.3 The Accounts and Audit Regulations 2015 stipulate that the AGS must be prepared in accordance with proper practices in relation to the accounts. Therefore the statement shall be provided in accordance with “Delivering Good Governance in Local Government Framework (2016)”.

5. Timetable for implementation

- 5.1 Subject to the Committee agreeing to recommend the Code of Corporate Governance for approval, Cabinet will make its decision to adopt the updated Code at its meeting on 21 March 2018.

Background papers: Delivering Good Governance in Local Government Framework (2016)

Appendices:

Appendix 1 – Part 5 (g) Local Code of Corporate Governance

Appendix 2 – How we meet the principles of Good Corporate Governance