

CODE OF CORPORATE GOVERNANCE

<u>Report of the:</u>	Head of Corporate Governance
<u>Contact:</u>	Gillian McTaggart
<u>Urgent Decision?(yes/no)</u>	No
<u>If yes, reason urgent decision required:</u>	N/A
<u>Annexes/Appendices (attached):</u>	Annexe 1 - Code of Corporate Governance
<u>Other available papers (not attached):</u>	None stated

REPORT SUMMARY

This report provides an update on the changes made to the Code of Corporate Governance as a result of the changes to the Delivering Good Governance in Local Government Framework (2016)

RECOMMENDATION (S)

The Committee is asked to approve the updated Code of Corporate Governance and note the required amendments to the Annual Governance Statement.

Notes

1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy

- 1.1 This framework defines the principles of good governance and how the Council seeks to comply with them.

2 Background

- 2.1 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.
- 2.2 As a result of the changes we are required to:
- 2.2.1 Review our existing arrangements.
- 2.2.2 Develop an updated local code of corporate governance to reflect the new principles.

2.2.3 Report publically on compliance with the local code and monitor its effectiveness.

2.3 During 2016/17 authorities are required to formally adopt the new framework and, in doing this, the Council's Code of Governance has been reworded to reflect the key changes in the guidance. The Code will support the production of the Annual Governance Statement (AGS) reported to the June Audit Crime & Disorder and Scrutiny Committee, which helps to demonstrate how the Council's values, constitution and policies align to the new principles of governance.

2.4 2.3 The Council will refer to this refreshed Code of Governance when undertaking its annual review and publishing its governance statement. The governance statement for 2016/17 will relate to this new framework.

2.5 As in previous years the AGS will be reported to the Audit, Crime & Disorder and Scrutiny Committee and then the Strategy & Resources Committee as part of the statement of accounts.

3 Proposals

3.1 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.

3.2 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 **Annexe 1**. 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

	Previous Principles		New Principles
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	Engaging with local people and other stakeholders to ensure robust robust public accountability (Now B)	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)

- 3.3 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 an detailed action plan in place to show how and when any significant governance issues will be dealt with .

4 Financial and Manpower Implications

- 4.1 There are no implications for the purpose of this report
- 4.2 **Chief Finance Officer's comments:** *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.*

5 Legal Implications (including implications for matters relating to equality)

- 5.1 This report contributes to the statutory and audit requirements and supports the development of an effective and efficient council.
- 5.2 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 of the review with any published statement of accounts
- 5.3 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)".

- 5.4 ***Monitoring Officer's comments:*** *It is important that the Code is amended to reflect the new principles. The Code is a key document in ensuring good governance in all the Council does.*

6 Sustainability Policy and Community Safety Implications

- 6.1 There are no implications for the purpose of this report

7 Partnerships

- 7.1 There are no implications for the purpose of this report.

8 Risk Assessment

- 8.1 An effective governance and internal control environment leads to improved performance and outcome for residents.

9 Conclusion and Recommendations

- 9.1 That the Committee approve the updated Code of Corporate Governance and note the changes required for the Annual Governance Statement.

WARD(S) AFFECTED: (All Wards);