

<b>Item No.</b> 6.	<b>Classification:</b> Open	<b>Date:</b> 9 May 2017	<b>Meeting Name:</b> Audit, governance and standards committee
<b>Report title:</b>		Review of code of corporate governance	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		Strategic Director of Finance and Governance	

## RECOMMENDATIONS

1. That the audit, governance and standards committee formally adopts the revised code of corporate governance (attached at Appendix 1), subject to any changes it would wish to make.
2. That the audit, governance and standards committee consider the council's governance arrangements as reviewed against the CIPFA/SOLACE 2016 framework for good governance (as set out in Appendix 2) and consider whether there are additional sources of assurance that it would wish to refer to or actions needed.

## BACKGROUND INFORMATION

3. The council has had a code of corporate governance since 2008. The code was prepared after consideration of the 'Delivering good governance: framework' guidance produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) and formally adopted by the (then) audit committee. The code has been updated to reflect changes in terminology and there was a review in 2015-16 of its content and format. A revised proposed code was considered by the corporate governance panel in February 2015 and by the cabinet member for finance, management and performance later in 2015 but it was not taken to committee for approval when it became clear that an update CIPFA/Solace framework would be published in the near future.
4. The new framework builds on the previous one, but with an additional emphasis on the attainment of sustainable economic, societal, and environmental outcomes, both in the short to medium term but also in the long term.
5. Following publication of the new framework in 2016, an assessment has been made of the council's governance framework in line with the new seven principles of good governance.
6. The code has also been reviewed and updated to take account of the new framework in light of updated guidance issued by CIPFA/Solace.

## KEY ISSUES FOR CONSIDERATION

7. The function of good governance is to ensure that the authority achieves its stated

objectives and outcomes whilst operating in an effective and ethical manner and the purpose of the code of corporate governance is to set out what the council does to ensure that it will meet those objectives.

8. The seven principles of good governance are:
  - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
  - Ensuring openness and comprehensive stakeholder engagement
  - Defining outcomes in terms of sustainable economic, social, and environmental benefits
  - Determining the interventions necessary to optimise the achievement of the intended outcomes
  - Developing the entity's capacity, including the capability of its leadership and the individuals within it
  - Managing risk and performance through robust internal control and strong public financial management.
9. Consideration has been given as to how the council's governance arrangements are consistent with the principles of good governance and the results of this are set out in Appendix 2. This review of current arrangements confirmed that they are, to varying degrees, consistent with best practice as described in the framework document.
10. Following the review of the council's arrangements against good practice as set out in the framework, the results of this exercise have been reflected in the draft updated code of corporate governance, attached at Appendix 1.
11. The new code builds on the draft revised code referred to in paragraph 3, which was structured to cover the key governance areas of roles and responsibilities, strategy and planning, performance management, managing risk and transparency and accountability, and has been reviewed further to ensure that it reflects the revised principles of good governance. The revised code has been reviewed by the cabinet member for finance, modernisation and performance and has been circulated to the chief officer team. Once the code has been approved by this committee, it will be published on the council's website.
12. The code and governance arrangements will be reviewed on an ongoing basis (and at least annually) and where necessary action plans will be agreed to address any gaps.

### **Policy implications**

13. This report is not considered to have direct policy implications. The proposed revised code sets out the arrangements the council has in place which will help ensure that it will meet its stated objectives and outcomes whilst operating in an effective and ethical manner.

### Community impact statement

14. The proposed changes to the code are not considered to have a significant impact on any particular community or group.

### Resource implications

15. There are no direct resource implications in this report.

### Consultation

16. The views of key officers and the cabinet member for finance, modernisation and performance have been sought.

### SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

17. None required.

### BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None.		

### APPENDICES

No.	Title
Appendix 1	Revised draft code of corporate governance
Appendix 2	Compliance with governance framework April 2017

### AUDIT TRAIL

<b>Lead Officer</b>	Duncan Whitfield, Strategic Director of Finance and Governance	
<b>Report Author</b>	Jo Anson, Head of Financial and Information Governance	
<b>Version</b>	Final	
<b>Dated</b>	24 April 2017	
<b>Key Decision?</b>	No	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments sought</b>	<b>Comments included</b>
Director of Law and Democracy	N/A	N/A
Strategic Director of Finance and Governance	N/A	N/A
<b>Cabinet Member</b>	Yes	<b>N/A</b>
<b>Date final report sent to Constitutional Team</b>	24 April 2017	