

Report to Audit Committee

Subject: Local Code of Corporate Governance 2017/18

Date: 12th September 2017

Author: Chief Financial Officer and Monitoring Officer

1. Purpose of the Report

1.1 To approve the updated Local Code of Corporate Governance and process for review.

2. Background

2.1 Corporate governance is the system by which organisations are directed and controlled and it became an important concept following the Cadbury Committee's report in 1992 on financial aspects of corporate governance. As a consequence, all local authorities have sought to demonstrate compliance with best practice by drawing up a Local Code of Corporate Governance, based on CIPFA/SOLACE Guidance first published in 2007.

2.2 In April 2016, CIPFA and SOLACE published the publication "*Delivering Good Governance in Local Government: Framework*" which is in essence an updated version of the original 2007 publication. However, amendments to the framework include an update to the Core Principles and sub principles to ensure organisations demonstrate good governance by "*Achieving the Intended Outcomes While Acting in the Public Interest at all Times*". The Framework makes it clear that it is up to each local authority to:

- Set out its commitment to the principles of good governance;
- Determine its own governance structures and local Code; and
- Ensure that it operates effectively in practice.

2.3 The Local Code of Corporate Governance should set out the governance structures the Council has in place to demonstrate how it complies with the Core principles and sub-principles. It is a 'living document' in that it must be periodically reviewed and amended to ensure that it satisfies the changing financial and corporate environment.

3. Proposal

- 3.1 It is proposed that the Local Code of Corporate Governance for 2017/18 attached at Appendix 1 is approved.
- 3.2 The Council will undertake a regular review of its governance arrangements which will result in a clear action plan indicating how any gaps in the arrangements will be addressed, who will deal with them, how these will be dealt with and when.

It is proposed that the process of review is as follows:-

- Senior Leadership Team

The Senior Leadership Team (SLT) will review the Council's governance and risk management arrangements and identify a work programme for ensuring these arrangements remain robust and up-to-date as and when necessary. SLT will also proactively review issues which may arise during the course of the Council's day to day business and take steps to address them. SLT will report directly to the Audit Committee as and when necessary.

- The Audit Committee

The Audit Committee has overall responsibility for the Council's governance and risk management arrangements, and will be the main Member review of those arrangements. The Committee will approve any amendments to the Local Code.

- 3.3 In addition, at the end of the financial year, the Audit Committee will receive an annual report from the Chief Executive and Leader: the "Annual Governance Statement", which defines the position on whether the corporate governance arrangements are adequate and operating effectively. The proposed Annual Governance Statement will *accompany* the Statement of Accounts report. The Statement is based on core principles and the gathering of evidence to support those principles with actions devised to ensure that the Council satisfactorily complies with the Code's aspirations.

4. Resource Implications

None directly arising from this report.

5. Recommendation

THAT:

The Local Code of Corporate Governance for 2017/18 be approved and the procedures set out in the report implemented.

6. Appendices

Appendix 1 - Local Code of Corporate Governance for 2017/18.