

## **Report to Audit Committee**

**Subject:** Local Code of Corporate Governance 2018/19

**Date:** 20 March 2018

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### **1. Purpose of the Report**

- 1.1 To seek approval for the updated Local Code of Corporate Governance 2018/19.

### **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.
- 2.4 Members of the Committee will recall that the Local Code of Corporate Governance for 2017/18 was approved on 12 September 2017. It was also agreed that the process of review of the Code should be 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.

- 2.5 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 reports on the extent that the Council complies with its own Code of Corporate Governance and whether those arrangements are adequate and operating effectively. The Annual Governance Statement will accompany the Statement of Accounts report.

### **3. Proposal**

- 3.1 In accordance with the agreed process, Senior Leadership Team has reviewed the Local Code on Corporate Governance and has made a number of minor amendments to ensure that it remains up to date and fit for purpose. For ease of reference the amendments are shown underlined and in italics. It is proposed that Audit Committee now approves the Local Code of Corporate Governance for 2018/19 attached at Appendix 1.

### **4. Resource Implications**

None directly arising from this report.

### **5. Recommendation**

THAT:

The Local Code of Corporate Governance for 2018/19 be approved.

### **6. Appendices**

Appendix 1 - Local Code of Corporate Governance for 2018/19.