

## CODE OF CORPORATE GOVERNANCE

### SUMMARY

The purpose of this report is to present the updated Code of Corporate Governance for review and approval.

### RECOMMENDATION

That the Committee is asked to consider and approve the updated 2017 Local Code of Corporate Governance and recommend its adoption to Council.

## 1. INTRODUCTION

- 1.1 This report presents the Local Code for Corporate Governance 2016/17.
- 1.2 The Council's Code of Corporate Governance is reviewed every year. The Code attached to this report is proposed for adoption for municipal year 2016/17 and has been revised to reflect the latest guidance in the CIPFA/SOLACE Framework published April 2016.

## 2. BACKGROUND

- 2.1 The current Code of Corporate Governance was adopted by the former Standards and Audit Committee in April 2015. This code was consistent with the framework and guidance published by CIPFA (Chartered Institute of Public Finance and Accountancy) at that time.
- 2.2 In April 2016, CIPFA revised their framework and guidance (Delivering Good Governance in Local Government) and therefore the opportunity has been taken to review the Council's Code and align it with the new guidance.
- 2.3 As one would expect in a framework dealing with 'good governance' there is a lot of correlation between the content of the old CIPFA framework and the new framework. The main changes are the positioning of sustainable, social and environmental outcomes as a key focus of governance processes and structures. CIPFA consider the focus on sustainability and the links between governance and public financial management are crucial in the current financial climate and underpin the need for local authorities to focus on long-term solutions. The framework provides guidance to local authorities, which we may adapt as required.

2.4 Under the new framework there are seven core principles (A-G) each with a number of sub-principles. Although the wording of the principles has been revised, there is a lot of commonality between the sub-principles.

2.5 The previous framework contained six core principles. A comparison between these and the principles (A-G) in the new guidance is set out in Appendix A. This shows how the old and new principles are aligned.

### **3. LOCAL CODE OF GOVERNANCE**

3.1 The updated Local Code of Corporate Governance is based upon the CIPFA / SOLACE publication entitled “Delivering Good Governance in Local Government: Framework 2016 Edition.”

3.2 The Code is based on seven core principles:-

- 1) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;
- 2) Ensuring openness and comprehensive stakeholder engagement;
- 3) Defining outcomes in terms of sustainable economic, social, and environmental benefits;
- 4) Determining the interventions necessary to optimize the achievement of the intended outcomes;
- 5) Developing the Council’s capacity, including the capability of its leadership and the individuals within it;
- 6) Managing risks and performance through robust internal control and strong public financial management; and
- 7) Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

3.3 The Local Code specifically identifies the actions and behaviours taken by the Council in relation to each of these core principles and associated sub principles. These are summarised within Appendix A of the Code. These behaviours and actions have been summarised following a review of the CIPFA Local Government Guidance Notes for Local Authorities. Appendix B of the Local Code sets out the Local Corporate Governance Framework.

3.4 The Licensing and General Purposes Committee is responsible for approving this Code and it is recommended that this is annually reviewed and updated accordingly.

3.5 The updated Local Code of Corporate Governance is attached at Appendix B.

3.6 Once approved, it is suggested that the RBC Local Code of Corporate Governance is published both on the intranet and also on the Council’s website. If the detailed governance arrangements for the Council are easily accessible to the public in this way, then there is likely to be scope to rationalise the detail contained within the Annual Governance Statement that is produced each year, and published alongside the Statement of Accounts.

#### **4. COUNCIL PRIORITIES**

- 4.1 A sound system of corporate governance provides the framework and assurance within which the council can deliver its priorities with confidence.

#### **5. CORPORATE IMPLICATIONS**

##### ***Legal Implications***

- 5.1 The Council must adopt a Code of Corporate Governance, which has been produced to the standards prescribed in the best practice guidance in order to prepare the Annual Governance Statement. The best practice guidance is recognised as the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government (2016).

##### ***Financial and Risk Implications***

- 5.2 None directly from this report. However good governance enables the Council to pursue its vision effectively as well as underpinning that vision with sound arrangements for control and management of risk. The Council must ensure that it has a sound system of internal control, which includes effective arrangements for the management of risk. Failure to develop and maintain a local Code of Corporate Governance and publish an Annual Governance Statement would mean that the Council would be failing in its responsibilities for ensuring accountability and the proper conduct of public business.

##### ***Equalities Implications***

- 5.3 None directly from this report.

#### **6. CONCLUSION AND NEXT STEPS**

- 6.1 Approval of the updated Local Code of Corporate Governance by the Licensing and General Purposes Committee will ensure that the Council has a robust framework in place to support good governance.

#### **Appendices:**

Appendix A: Comparison between updated CIPFA/SOLACE Framework  
April 2016 and previous framework

Appendix B: Local Code of Corporate Governance

#### **Background Papers:**

The CIPFA/SOLACE: Delivering Good Governance in Local Government Guidance Notes for English Authorities 2016.

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