

Review of the Council's Local Code of Corporate Governance

Audit & Scrutiny Committee Tuesday, 24 September 2024

Report of: Head of Legal Services & Monitoring Officer

Purpose: For decision

Publication status: Unrestricted

Wards affected: All

Executive summary:

To present to the Committee an updated Local Code of Corporate Governance for consideration and approval.

This report supports the Council's priority of: Financial prudence and sustainability.

Recommendation to Committee:

That committee approve the **Local Code of Corporate Governance 2024/25** (Appendix A).

Reason for recommendation:

The Council has had a Code of Governance ('The Code') in place since 2021. The Code sets out and describes the Council's commitment to corporate governance, and identifies the arrangements that have been made, and will continue to be made to ensure its effective implementation and application in all aspects of the Council's work.

As such, the Council seeks to introduce a new Local Code of Corporate Governance, which has been developed in accordance with the latest guidance. This Code brings together in one document the Council's governance and accountability arrangements. It is a public facing living document that will be regularly reviewed and updated as required. The Annual Governance Statement will measure performance against the Local Code of Corporate Governance.

This Committee is responsible for reviewing the Code.

Introduction and background

- 1 In the interests of good governance and compliance with law and regulation, the Council has in place a Local Code of Corporate Governance ('**the Code**'). This reflects the main components set out in the CIPFA and SOLACE guidance *Delivering Good Governance in Local Government: Framework*. The Code is a public statement of the arrangements the Council has in place to ensure it conducts its business in a way that upholds the highest governance arrangements.
- 2 The Code is therefore an important part of the Council's public accountability. It is important it remains fit for purpose, as each year the Council conducts a review of compliance with the Code. The results of this feed into the annual review of the effectiveness of the Council's systems of internal control, thereby contributing to the Annual Governance Statement.
- 3 The Code was refreshed for the 2022/23 Annual Governance Statement to ensure it set out the Council's objectives and reflected the controls in place.
- 4 There is no statutory requirement on an authority to adopt a Local Code of Corporate Governance, and so it is an option not to adopt the draft Code.
- 5 Given the absence of a statutory requirement to adopt a Local Code of Corporate Governance, and the CIPFA Framework being sector guidance, the decision could be taken to amend the Code to follow a format and cover issues not recommended by the CIPFA Framework.
- 6 However, the CIPFA Framework is the industry standard for production of Local Codes of Corporate Governance and provides the benchmark for good practice, and there would not appear to be good reason to depart from the recommendations within the CIPFA Framework.
- 7 The draft Code has been developed with input from the Extended Management Team ('EMT').

Key implications

Comments of the Chief Finance Officer

There are no direct financial implications arising from this report. Adequate and effective systems of corporate governance are a central component in the process intended to help ensure that the Council operates efficiently, cost effectively and with integrity. Such arrangements will support the processes of audit and the Council's governance arrangements.

Comments of the Head of Legal Services

The governance of Local Authorities is contained within provisions in a multitude of statutes and regulations. Section 1 of the Localism Act 2011 sets out a Local Authority's general power of competence to do anything that individuals generally may do.

There is no specific statutory requirement for a Local Authority to produce or adopt a Local Code of Corporate Governance. However, the CIPFA Framework 'Delivering Good Governance in Local Government' clearly sets out that it is best practice to do so.

The Accounts and Audit (England) Regulations 2015 oblige the Council to produce an Annual Governance Statement for each accounting year evidencing how the Council has performed. The Code proposed to be adopted assists the Council in meeting the requirement of producing that Annual Governance Statement and allows the Statement to assess performance as against the Code.

The Local Government Act 1999 requires that council services are “responsive to the needs of citizens, of high quality and cost-effective, and fair and accessible to all who need them”. Councils are also under a general best value duty to “make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness”. The proposed Code supports the delivery of these statutory requirements as it sets the governance framework within which the Council operates in order to deliver services and best value, and to measure compliance with the principles of good governance.

Equality

Under section 149 of the Equality Act 2010, the ‘general duty’ on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to:

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The public-sector equality duty requires the Council to consider how it can positively contribute to the advancement of equality and good relations and demonstrate that it is paying ‘due regard’ in its decision making in the design of policies and in the delivery of services.

The Code does not impact directly on this duty but the Code does seek to ensure Council services are fair and accessible to all residents and sets out the systems, processes and values by which it will operate, engage with and be held accountable by communities and other stakeholders.

An Equality Impact Assessment has been completed to accompany this document.

Climate change

There are no climate change implications arising directly from the proposed policy.

Appendices

Appendix A - Local Code of Corporate Governance

Background papers

None.

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