

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

**EXECUTIVE MANAGEMENT TEAM'S REPORT TO THE
AUDIT & RISK COMMITTEE**

Date 19 April 2017

<u>HEADING</u>	<u>CODE OF CORPORATE GOVERNANCE</u>
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<u>Submitted by:</u>	Head of Audit & Elections
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<u>Portfolio</u>	Finance IT and Customer
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<u>Ward(s) affected</u>	All
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Purpose of the Report

To remind Members of the requirements of the Code of Corporate Governance.

Recommendations

- a) That the requirements of the amended Code of Corporate Governance be noted.
- b) A covering letter signed by the Chair and Vice Chair of the Audit and Risk Committee should be sent to all Members reminding them that a copy of the Code of Corporate Governance is available in the Members area on the Council's Intranet site

Reasons

Good Governance is about how local authorities ensure that they are doing the right things, in the right way, for the right people in an open honest and accountable manner. In adopting the Code of Corporate Governance the authority is able to demonstrate that it is committed to ensuring that Good Governance is delivered in every aspect of its business.

1. Background

- 1.1 Members and senior officers are responsible for putting in place proper arrangements for the governance of the Council's affairs and the stewardship of the resources at its disposal.
- 1.2 Under the Accounts and Audit Regulations 2015, the Authority is required to produce an Annual Governance Statement (AGS). The AGS emphasises the importance of ensuring that the Authority has in place sound governance arrangements and transparent decision making processes
- 1.3 Alongside this requirement to produce the AGS, the Chartered Institute of Public Finance and Accountancy, (CIPFA) along with the Society of Local Authority Chief Executives (SOLACE) produced a framework for developing and maintaining a local Code of Corporate Governance.
- 1.4 The CIPFA/SOLACE framework which was first produced in 2007 was reviewed and updated in 2016 and applies to annual governance statements produced for the 2016/17 financial year. The new framework has been re-written and the previous 6 core principles have been replaced with a new set of principles, the old and new principles have been set out in the table below;

Former Core Principles	Revised Principles
Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area	Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
Members and Officers working together to achieve a common purpose with clearly defined functions and roles	Ensuring openness and comprehensive stakeholder engagement
Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour	Defining outcomes in terms of sustainable economic, social, and environmental benefits
Taking informed and transparent decisions which are subject to effective scrutiny and managing risk	Determining and planning the actions necessary to optimise the achievement of the intended outcomes
Developing the capacity and capability of members and officers to be effective	Developing the Council's capacity, including the capability of its leaders and the individuals within it. This includes ensuring effective relationships and a clear understanding of the roles and responsibilities of Members and officers
Engaging with local people and other stakeholders to ensure robust public accountability	Managing risks, performance and data through robust internal control and strong public financial management
	Implementing good practices in transparency, reporting, and assurance (including audit) to deliver effective accountability

2. Issues

- 2.1 Adoption of the CIPFA/SOLACE Delivering Good Governance in Local Government : Framework (2016), means that the Authority has been able to demonstrate that it has;
- reviewed the Governance arrangements, in line with best practice, and
 - the Code of Corporate Governance is regularly reviewed to ensure that remains effective
- 2.2 The AGS which is produced alongside the Statement of Accounts will report publicly the extent to which the Authority is complying with our own Local Code of Corporate Governance. By producing this statement annually the Authority is able to demonstrate how the effectiveness of the governance arrangements have been monitored and report on any improvements or changes it plans to make in the coming year.

3. Options Considered

Not applicable

4. Proposal

4.1 Code of Corporate Governance is provided as Appendix A

5. Outcomes Linked to Corporate Priorities

5.1 The adoption of the Local Code of Corporate Governance demonstrates that the Authority is complying with the principles of openness and inclusivity, integrity and accountability.

6. Legal and Statutory Implications

6.1 The Local Government Act 1999 places a duty on all local authorities to make arrangements to secure continuous improvement in the way that its functions are exercised, having regard to economy, efficiency and effectiveness. In discharging this overall responsibility the authority is also responsible for putting in place proper arrangements for the governance of its affairs.

6.2 It is also a requirement of The Accounts and Audit Regulations 2015 that the Council 'maintains an adequate and effective system of internal control in accordance with the proper internal audit practices'. Alongside this is the requirement to produce an Annual Governance Statement.

7. Equality Impact Assessment

7.1 There are no differential equality impact issues identified from this proposal.

8. Financial and Resource Implications

8.1 There are no resource implications for the AGS or the adoption of the new Local Code of Corporate Governance. Any resource requirements identified as a result of any action plans being drawn up to address any issues that arise out of the need to ensure compliance with any part of the Code will be brought to members as separate projects.

9. Major Risks

9.1 If sound governance arrangements are not in place the Authority is unable to demonstrate that it operates its business affairs in an open, honest and transparent way.

9.2 If sound governance arrangements are not in place, the Authority cannot give assurance that the Services being delivered provide value for money for the Council.

9.3 If sound governance arrangements are not in place managers are exposing their systems, processes and procedures to potential abuse from fraud and corruption.

10. Key Decision Information

Not applicable

11. Earlier Cabinet/Committee Resolutions

Code of Corporate Governance - April 2016

12. List of Appendices

Appendix A: Code of Corporate Governance

13. Background Papers

'Delivering Good Governance in Local Government: Framework (2016)
Local Government Act 1999
Accounts and Audit Regulations 2015