



<b>Signed off by</b>	Joyce Hamilton, Monitoring Officer
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<b>To</b>	Audit Committee
<b>Date</b>	Wednesday 7 December 2022
<b>Executive Member</b>	Portfolio Holder for Finance and Governance

<b>Key Decision Required</b>	N
<b>Wards Affected</b>	(All Wards);

<b>Subject</b>	Update of the Code of Corporate Governance
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<b>Recommendations</b>
<b>That the amended Code of Corporate Governance at Annex 1 be adopted.</b>
<b>Reasons for Recommendations</b>
Each local authority is required to develop and maintain a Code of Corporate Governance. The Code of Corporate Governance sets out the principles of good governance and the arrangements in place to ensure that the Council conducts its business in accordance with the law and proper standards. It provides assurance that the Council is meeting best practice in protecting its assets and serving the community.
<b>Executive Summary</b>
The Code of Corporate Governance has been drafted in accordance with the principles set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) guidance entitled 'Delivering Good Governance in Local Government'. In this guidance, seven core principles that should underpin the governance framework of a local authority are defined.  The Corporate Governance Group reviewed the code at its meeting on 19 October 2022 and recommended a number of changes within the amended code attached at annex 1. The amended code is therefore recommended for approval by the Audit Committee.
<b>The Audit Committee has authority to approve the above recommendations.</b>

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## Statutory Powers

1. The Council has statutory duties under section 5 of the Local Government and Housing Act 1989 ensuring lawfulness and fairness of decision making (the responsibility of the Monitoring Officer). Also, the proper administration of the Council's affairs under section 151 of the Local Government Act 1972 (the responsibility of the Section 151 officer).

## Background

2. Each local authority is required to develop and maintain a [Code of Corporate Governance](#). The Committee agreed to adopt the current Code of Corporate Governance at its [meeting on 25 November 2021](#).
3. The Council is committed to reviewing the Code annually to ensure it is maintained.
4. The Council is required to prepare an Annual Governance Statement each year to report publicly on compliance with the Code and how the Council has met the requirements of the Accounts and Audit Regulations 2015. The annual review of governance will assess the level of compliance with the Code's governance principles.
5. The information set out in the framework within the Code demonstrates that the Council continually seeks to ensure it remains well governed. The Code confirms the Council's recognition that to deliver good governance it must always seek to achieve its objectives whilst acting in the public interest.

## Key Information

### Broken links

6. The amended code of conduct at annex 1 has been updated to fix broken links to several documents on the Council's website and intranet pages, which are listed as evidence of good governance under principles one and six, including the following:
  - Whistle Blowing Policy
  - Anti-Fraud & Corruption Policy
  - Anti-Money Laundering Policy

### Inclusion of references to the Council's Financial Sustainability Programme

7. It is also recommended that the amended code includes reference to the Council's 'Financial Sustainability Programme' in addition to any existing references to the annual budget and capital investment programme.
8. The Council is facing a period of unprecedented financial challenge, resulting from the effects of the Covid-19 pandemic, the current prevailing adverse economic conditions and the wider local government funding context.
9. Whilst the Council has been able to set a balanced budget for 2022/23, this has required drawing on reserves. The continued drawing on reserves is not a sustainable response to the Council's financial challenges. The Financial Sustainability Programme has therefore been tasked with securing the Council's

financial sustainability. Its inclusion within the code to demonstrate good governance is therefore recommended, under following principles –

- **Principle 2:** Ensuring openness and comprehensive stakeholder engagement.
- **Principle 3:** Defining outcomes in terms of sustainable economic, social and environmental benefits.
- **Principle 4:** Determining the interventions necessary to optimise the achievement of the intended outcomes.
- **Principle 6:** Managing risks and performance through robust internal control and strong public financial management.
- **Principle 7:** Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

#### **Inclusion of the Council's Commercial Strategy under principle 2**

10. It is recommended that the Council's Commercial Strategy be included within the amended code as evidence of principle 2 - 'Ensuring openness and comprehensive stakeholder engagement'.

#### **Inclusion of the Council's Asset Management Plan under principle 3**

11. It is recommended that the Council's Asset management Plan be included within the amended code as evidence of principle 3 - 'Defining outcomes in terms of sustainable economic, social and environmental benefits'.

#### **Inclusion of the Council's IT Strategy under principle 3**

12. It is recommended that the Council's IT Strategy be included within the amended code as evidence of principle 3 - 'Defining outcomes in terms of sustainable economic, social and environmental benefits'.

#### **Options**

13. **Option 1:** To approve the adoption of the updated Code of Corporate Governance as attached in annex 1. This is the recommended option.
14. **Option 2:** To consider the updated Code of Corporate Governance and suggest changes prior to approving the Code for adoption. This is not recommended as there may be a delay in the adoption of the Code if the suggested changes are such that the Committee needs to consider the adoption of a newly drafted Code at a future meeting.
15. **Option 3:** To reject the adoption of the updated Code of Corporate Governance. This is not recommended as the Code would not be up to date and would not properly reflect the work the Council does to ensure good governance.

#### **Legal Implications**

16. Corporate governance is the way in which the council directs and controls its arrangements to ensure that the intended outcomes for stakeholders are defined and achieved. A robust governance code provides assurance that the Council is meeting best practice in protecting its assets and serving the community.

17. Corporate governance is how the Council ensures it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.
18. The Council has statutory duties to ensure proper governance of its members, officers, assets, services and decision making. Failure of the Council's corporate governance framework could result in unlawful decisions and conduct.

### **Financial Implications**

19. The Council's Corporate Governance arrangements are critical to fulfilment of the Council's financial responsibilities.

### **Equalities Implications**

20. There are no equalities implications.

### **Communication Implications**

21. There are no communication implications.

### **Environmental Sustainability Implications**

22. There are no environmental sustainability implications.

### **Risk Management Considerations**

23. The Council has statutory duties to ensure proper governance. A breakdown in governance creates a range of serious risks, including legal, financial and reputational.

### **Other Implications**

24. There are no other implications.

### **Consultation**

25. The draft Code of Corporate Governance has been drawn up in consultation with the Monitoring Officer, the Chief Finance Officer and the Head of Organisational Development and considered at a meeting of the Corporate Governance Group on 19 October 2022.

### **Background Powers**

There are none.