 EXECUTIVE 7 MARCH 2018		Agenda Item No. 4
Title	Local Code of Corporate Governance	
For further information about this report please contact	Richard Barr Audit & Risk Manager Tel: 01926 456815 email: richard.barr@warwickdc.gov.uk	
Wards of the District directly affected	All	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number	2 December 2015 – Executive	
Background Papers	<i>Delivering Good Governance in Local Government: Framework</i> (CIPFA in association with SOLACE, 2016) <i>Delivering Good Governance in Local Government: Guidance Notes for English Authorities 2016 Edition</i> (CIPFA in association with SOLACE) Minutes of Senior Management Team	
Contrary to the policy framework:	No	
Contrary to the budgetary framework:	No	
Key Decision?	No	
Included within the Forward Plan? (If yes include reference number)	No	
Equality Impact Assessment Undertaken	No (N/A: no direct service implications)	

Officer/Councillor Approval		
With regard to report approval all reports <i>must</i> be approved as follows		
Title	Date	Name
Chief Executive/Deputy Chief Executive	Various dates	Chris Elliott
Head of Service	Various dates	Mike Snow
CMT	Various dates	CMT
Section 151 Officer	Various dates	Mike Snow
Monitoring Officer	Various dates	Andrew Jones
Finance	Various dates	As S151 Officer
Portfolio Holder(s)	1 February 2018	Councillor Andrew Mobbs and Councillor Peter Whiting
Consultation & Community Engagement		
Consultation with members and officers listed above.		
Final Decision?		Yes
Suggested next steps (if not final decision please set out below) N/A		

1 **Summary**

- 1.1 The Council's Code of Corporate Governance has been revised. It is presented to Executive for approval, following which it will be adopted.

2 **Recommendations**

- 2.1 That Executive should:
 - 2.1.1 Note the latest guidance on good governance issued by CIPFA and SOLACE in their publication *Delivering Good Governance in Local Government: Framework*. The main features of that guidance are described in this report.
 - 2.1.2 Consider and approve a review of the Authority's governance arrangements against the principles for good governance as set out in the *Delivering Good Governance in Local Government: Framework*. This is set out as Appendix A.
 - 2.1.3 Consider and approve a revised Local Code of Corporate Governance. This is set out as Appendix B.
 - 2.1.4 Recommend to the Council the adoption of the Local Code of Corporate Governance, as part of the Constitution.

3 **Reasons for the Recommendations**

- 3.1 The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is protected, accounted for, and used economically, efficiently and effectively.
- 3.2 In discharging this responsibility, members and officers have a duty to set in place proper arrangements for the governance of the Council's affairs and stewardship of the public reserves at its disposals. The Council also has a duty under the Local Government Act 1999 to ensure continuous improvement in the way it does things, having regard to a combination of economy, efficiency and effectiveness.
- 3.3 A Code of Corporate Governance helps to ensure that the Council conducts its business properly and aids the process of continuous improvement.
- 3.4 By publishing a Local Code of Corporate Governance ('The Local Code'), the Council is demonstrating its commitment to effectual governance which in turn should lead to high quality public services.
- 3.5 By promoting the principles of openness, accountability and integrity the Council fosters public trust.
- 3.6 The Local Code provides the public with greater awareness of the Council's arrangements and equips citizens with the knowledge to question the Council's plans and actions, thereby becoming more involved in the running of their District.
- 3.7 The Local Code provides officers with an overview of the Council's governance arrangements and with the principles of good governance that each employee should be intent on maintaining.

4 Policy Framework

4.1 Fit for the Future (FFF)

The Council's FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. To that end amongst other things the FFF Strategy contains several Key projects.

The FFF Strategy has 3 strands – People, Services and Money and each has an external and internal element to it. The table below illustrates the impact of this proposal if any in relation to the Council's FFF Strategy.

FFF Strands		
People	Services	Money
External		
Health, Homes, Communities	Green, Clean, Safe	Infrastructure, Enterprise, Employment
<u>Intended outcomes:</u> Improved health for all Housing needs for all met Impressive cultural and sports activities Cohesive and active communities.	<u>Intended outcomes:</u> Area has well looked after public spaces All communities have access to decent open space Improved air quality Low levels of crime and ASB.	<u>Intended outcomes:</u> Dynamic and diverse local economy Vibrant town centres Improved performance/ productivity of local economy Increased employment and income levels.
Impacts of Proposal		
<p>A strong and effective corporate governance framework is a major contribution to the Council achieving its corporate priorities and key strategic projects that are reflected in Fit for the Future. The Fit for the Future programme is also based on an agreed set of values amongst which are the ones of openness and honesty. This is integral to effectual corporate governance in an organisation.</p> <p>The Local Code of Corporate Governance will, in effect, be one of the Council's key policies. It will help to establish a strong governance framework that will enable the Council to "do the right things, in the right way, and at the right time", thereby helping the Council to deliver its objectives.</p> <p>A strong governance framework is part of Fit for the Future within our overall corporate strategy.</p>		

Internal		
Effective Staff	Maintain or Improve Services	Firm Financial Footing over the Longer Term
<u>Intended outcomes:</u> All staff are properly trained All staff have the appropriate tools All staff are engaged, empowered and supported The right people are in the right job with the right skills and right behaviours.	<u>Intended outcomes:</u> Focusing on our customers' needs Continuously improve our processes Increase the digital provision of services.	<u>Intended outcomes:</u> Better return/use of our assets Full Cost accounting Continued cost management Maximise income earning opportunities Seek best value for money.
Impacts of Proposal		
Although there are no direct policy implications, a strong and effective governance framework will be a major factor in helping to achieve the above outcomes.		

4.2 **Supporting Strategies**

Each strand of the FFF Strategy has several supporting strategies but description of these is not relevant for the purposes of this report.

4.3 **Changes to Existing Policies**

This section is not applicable.

4.4 **Impact Assessments**

This section is not applicable.

5 **Budgetary Framework**

- 5.1 Although there are no direct budgetary implications arising from this report, an effective governance framework ensures that the Authority manages its resources and achieves its objectives economically, efficiently and effectively.

6 **Risks**

- 6.1 A strong corporate governance framework helps to deliver robust risk management.

7 **Alternative Options Considered**

- 7.1 This report is not concerned with recommending a particular option in preference to others so this section is not applicable.

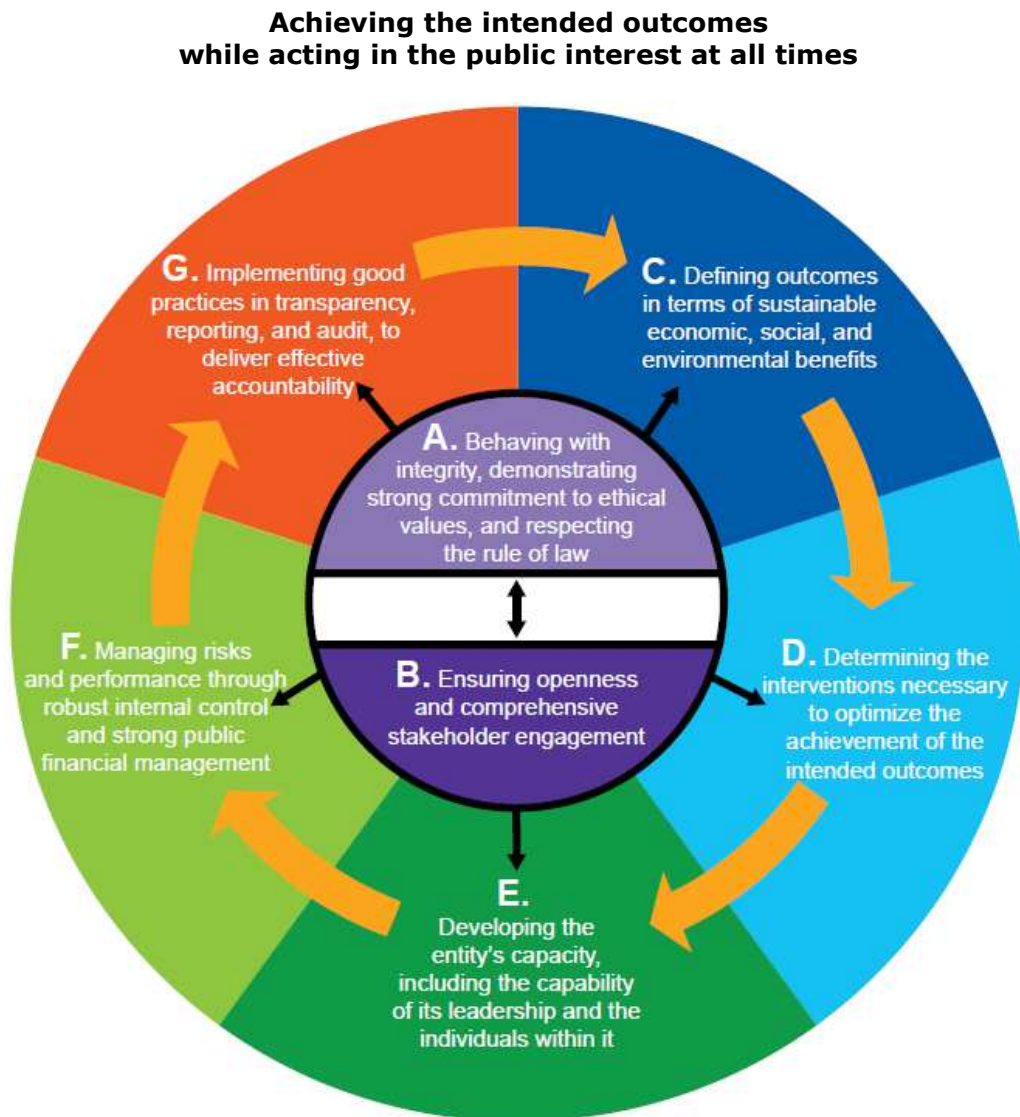
8 Background

- 8.1 All organisations need to ensure that they meet the highest standards and governance arrangements are not only sound but are seen to be sound. Corporate governance failings quite rightly attract huge attention and one significant failing can taint a whole sector. In the business sector there have been the recent scandals involving, to name just a few, the Lehmann Brothers, Allan Stanford and Northern Rock. Governance arrangements in the public services are, like the commercial sector, keenly observed and sometimes criticised. A recent high-profile example of corporate governance failure in the public sector has been the MP expenses furore. Within the public sector, local authorities are not immune from scrutiny. They are large operations and vitally important in communities, touching everyone's lives. It is therefore essential that they are well-governed.
- 8.2 Corporate governance within the public sector has benefited from the development of a national and local framework of good governance. The Cadbury Report (1992), following the private sector scandals of the Maxwell Pension fund and the Bank of Credit and Commerce International (BCCI), proclaimed that corporate governance was about Integrity, Openness and Accountability.
- 8.3 This was taken further by the Nolan Committee into Standards in Public Life in 1997. It identified seven key principles (behaviours) of public sector conduct:
- Selflessness
 - Integrity
 - Objectivity
 - Accountability
 - Openness
 - Honesty
 - Leadership
- 8.4 These principles should be familiar to both councillors and officers as they form part of the respective Codes of Conduct.
- 8.5 In 2007, 'Delivering Good Governance in Local Government', published by CIPFA in association with SOLACE, set the standard for local authority governance in the UK.
- 8.6 The purpose of the document was to provide guidance on how to achieve good governance and a framework for making it happen.
- 8.7 Six core principles were identified and, through their Local Codes of Corporate Governance, councils were expected to demonstrate compliance with them.
- 8.8 The guidance was updated in 2012 and again in 2017. The current guidance is entitled *Delivering Good Governance in Local Government: Framework* and sets out seven core principles of governance:
- A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of the law**
 - B. Ensuring openness and comprehensive stakeholder engagement**
 - C. Defining outcomes in terms of sustainable economic, social, and environmental benefits**

- D. Determining the interventions necessary to optimise the achievement of the intended outcomes**
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it**
- F. Managing risks and performance through robust internal control and strong public financial management**
- G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

8.9 The diagram below, featured in the *Delivering Good Governance in Local Government: Framework*, illustrates how the principles for good governance in the public sector relate to each other. Principles A and B permeate the implementation of Principles C to G. The Diagram also illustrates that good governance is dynamic, and that an entity as a whole should be committed to improving governance on a continuing basis through a process of evaluation and review.

Diagram 1: Relationships between the Principles for Good Governance in the Public Sector



- 8.10 The CIPFA/SOLACE Framework requires authorities to:
1. Review their existing governance arrangements.
 2. Develop and maintain a Local Code of Governance.
 3. Report publicly on compliance with their code annually.
- 8.11 In order to address the first requirement, a review of the Authority's governance arrangements against the principles for good governance as set out in the *Delivering Good Governance in Local Government: Framework* has been carried out. The results of this are set out as Appendix A.
- 8.12 In terms of the second requirement, applying the same principles referred to above, a revised Local Code of Corporate Governance has been produced. This is set out as Appendix B.
- 8.13 The third requirement is dealt with through the Council's Annual Governance Statement.
- 8.14 Significantly, the *Delivering Good Governance in Local Government: Framework* asserts that "it is crucial that the Framework be applied in a way that demonstrates the spirit and ethos of good governance which cannot be achieved by rules and procedures alone." The document goes on to say that "Shared values that are integrated into the culture of an organisation, and are reflected in behaviour and policy, are hallmarks of good governance." Thus, it is just as important that the softer, more nebulous, features of good governance are in place, such as shared values, as it is that rules and procedures are in place and are applied.