

CHESHIRE EAST COUNCIL

REPORT TO: Audit and Governance Committee

Date of meeting: 22nd January 2015
Report of: Corporate Manager Governance and Audit
Title: Revising the Council's Code of Corporate Governance
Portfolio Holder: Councillor Peter Raynes

1.0 Report Summary

1.1 The purpose of this report is to update the Committee on the proposed approach to updating the content and format of the Council's Code of Corporate Governance.

2.0 Recommendation

2.1 To note and agree the approach to updating the Council's Code of Corporate Governance.

3.0 Reasons for Recommendation

3.1 To ensure that the Council has proper and effective governance arrangements in place.

4.0 Wards Affected

4.1 All wards.

5.0 Local Wards Affected

5.1 Not applicable.

6.0 Policy Implications

6.1 Not applicable.

7.0 Financial Implications

- 7.1 Good governance leads to good management, good performance and good stewardship of public money, good public engagement and ultimately good outcomes for citizens and service users. However, there are costs associated with embedding and continuing good governance practices, and as the Council's organisational structures develop, the costs associated with governance need to be monitored to ensure they remain proportionate.

8.0 Legal Implications

- 8.1 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 (AGS). The best practice guidance is recognised as the CIPFA Framework *Delivering Good Governance in Local Government (2012)*. The AGS is used by the Council to report publically on the extent to which the Council has complied with its adopted Code, which is a requirement of the Accounts and Audit Regulations (England) 2011.

9.0 Risk Assessment

- 9.1 Good governance enables an authority to pursue its vision effectively as well as underpinning that vision with sound arrangements for control and management of risk. Failure to develop and maintain a local Code of Corporate Governance and publish an AGS means the Council would be negligent in its responsibilities for ensuring accountability and the proper conduct of public business.

10.0 Background

Local Government Corporate Governance

- 10.1 Good governance is about ensuring that the Council does the right things, in the right way, in a timely, open, and accountable manner. It must therefore include the systems, processes, cultures and values by which services are directed and controlled, and by which we are accountable to, and engage with our stakeholders and communities.
- 10.2 CIPFA and the Society of Local Authority of Chief Executives (SOLACE) have provided best practice guidance on establishing a local Code of Corporate Governance. This was originally published in 2001, refreshed in

2007 and most recently updated in 2012; *Delivering Good Governance in Local Government – Framework*.

- 10.3 Cheshire East Council has previously approved and adopted a [Code of Corporate Governance](#). The Council's Code of Corporate Governance was first approved by the Governance and Constitution Committee in November 2009. The Code has subsequently been reviewed and updated to reflect best practice and organisational changes, most recently in November 2013. Cheshire East Council's Code is consistent with the principles of the CIPFA/SOLACE Framework.
- 10.4 The CIPFA/SOLACE guidance defines the six core principles, each supported by sub-principles that should underpin the governance framework of a local authority:
1. Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local areas
 2. Members and officers working together to achieve a common purpose with clearly defined functions and roles
 3. Promoting the values of the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
 4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risks
 5. Developing the capacity and capability of members and officers to be effective
 6. Engaging with local people and other stakeholders to ensure robust public accountability
- 10.5 The Code articulates the expected standards, principles and values by which Cheshire East Council Officers and Members will operate. There should be clear links between the principles of the Code, and the governance framework of strategies, policies and procedures which underpin the Code.

Revising the Code

- 10.6 The Chief Operating Officer is responsible for ensuring the Code of Corporate Governance is reviewed annually, at the start of the Annual Governance Statement process, to ensure it remains fit for purpose. The

outcome of the review, along with any suggested revision to the Code, is reported to the Audit and Governance Committee.

- 10.7 The AGS is a statutory document, required by the Account and Audit (England) Regulations 2011. It is published alongside the Annual Accounts of the Council, and demonstrates and evaluates how the Council has complied with its Code. It also highlights any significant governance issues which have arisen, where the Council has not been able to achieve the performance standards set out in the Code, supported by an action plan for improving and enhancing governance in these specific areas.
- 10.8 A draft AGS is taken to the June Audit and Governance Committee to obtain feedback from Members, who are also updated throughout the year. The final AGS is taken to the September Audit and Governance Committee for approval. It is then signed by the Chief Executive and Leader of the Council and published on the Council's website.
- 10.9 Although the Chief Operating Officer has responsibility for the Code being updated, in practice the detailed review of the Code will be undertaken by the Corporate Assurance Group, which also has responsibility for overseeing the production of the AGS.
- 10.10 The forthcoming assessment of the Code will be undertaken from the position of operating as a Commissioning Council. It will also review the continuing relevance of the principles and sub principles of the Code, and provides an opportunity to ensure that the evidence sources used to demonstrate compliance with the Code are as wide ranging and comprehensive as possible. Failure to capture all relevant evidence may undermine the quality of the AGS process, and increase the risk of significant governance issues emerging outside of the AGS process
- 10.11 The format of the published current Code does not include the sources of evidence, but the suggested format of the revised Code will be updated to include it. This provides clarity for Members, Officers and stakeholders about how the organisation uses the principles of the Code in practice. A suggested format is included in Appendix 1; this shows just the first principle of the Code in its anticipated new format.
- 10.11 An updated Code will then be presented to the June 2015 Audit and Governance Committee for consideration. The suggested approval process would be for Audit and Governance Committee to receive, review and recommend the revised Code to Cabinet. Cabinet would receive the recommended Code, and if in approval, would recommend it to Council to approve the financial and other arrangements set out in the Code. Following this process would help in raising awareness of the Code amongst Officers and Members.

10.12 The AGS process for 2014/15 will be reviewed against the existing Code as this has been in operation throughout the year, although the opportunity to consider any additional evidence sources identified in revising the Code will be taken. We will also ensure that any issues identified as part of the AGS are considered in detail to determine whether they require a change to the Code, or whether a lack of awareness of the Code could be causing the issues.

11.0 Access to information

The background papers relating to this report can be inspected by contacting the report writer:

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