

CHESHIRE EAST COUNCIL

REPORT TO: Audit and Governance Committee

Date of meeting: 25th June 2015
Report of: Corporate Manager - Governance and Audit
Title: Code of Corporate Governance Review and Update
Portfolio Holder: Councillor Peter Groves

1.0 Report Summary

1.1 The purpose of this report is for the Committee to review and comment on the update to the Council's Code of Corporate Governance.

2.0 Recommendation

2.1 To review and comment on the revised Council's Code of Corporate Governance (Appendix A).

3.0 Reasons for Recommendation

3.1 In accordance with the Council's Constitution, the Audit and Governance Committee is responsible for reviewing the Council's corporate governance arrangements.

3.2 Ensuring the Code of Corporate Governance is regularly updated demonstrates the Council's commitment to ensuring high quality public services. In promoting the principles of accountability and effective governance, the Council is providing stakeholders with greater awareness of its arrangements, and clarity on the expected principles and behaviours to which the Council will operate.

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 (Authorised by the Chief Operating Officer)

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 (Authorised by the Head of Legal Services)

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; one outcome of revising the Code has been to clarify these links.

The revised Code

- 10.6 As reported to the Audit and Governance Committee in January 2015, the Chief Operating Officer is responsible for ensuring the Code of Corporate

Governance is reviewed annually, at the start of the AGS process, to ensure it remains fit for purpose.

- 10.7 Although the Chief Operating Officer has responsibility for the Code being updated, in practice the detailed review of the Code has been undertaken by the Corporate Assurance Group, which also has responsibility for overseeing the production of the AGS; the draft Statement for 2014/15 will be considered by the Committee elsewhere on the agenda.
- 10.8 The Code has been assessed to reflect the position of the Council as it increasingly operates as a Commissioning Council. The principles and sub-principles expressed in the Code have been considered, and all continue to be relevant.
- 10.9 The major change to the Code is the inclusion of evidence sources. Failing to capture all relevant evidence sources may undermine the quality of the AGS process and increase the risk of significant governance issues emerging outside of the AGS process.
- 10.10 Including the evidence sources highlights the various systems, policies and processes which demonstrate how the Council complies and fulfils the requirements of its Code. It also provides assurance that these are as comprehensive and wide ranging as possible, therefore enhancing the quality of the AGS process.
- 10.11 The revised Code has been published in the format suggested to the Committee in January 2015. This provides clarity for Members, Officers and stakeholders about how the organisation uses the principles of the Code in practice.
- 10.12 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.

11.0 Access to information

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

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