

CHESHIRE EAST COUNCIL

REPORT TO: Audit and Governance Committee

Date of meeting: 8th December 2016
Report of: Director of Legal Services
Title: Revising the Council's Code of Corporate Governance
Portfolio Holder: Councillor Peter Groves

1.0 Report Summary

1.1 The purpose of this report is to update the Committee on the revision of the Council's Code of Corporate Governance and an associated review of the Council's governance arrangements.

2.0 Recommendation

2.1 To consider the updated Code of Corporate Governance and recommend it to Cabinet.

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 (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 Director 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*, which has recently been updated and was issued earlier in 2016.

8.2 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) 2015.

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 2012 and has most recently updated been updated earlier in 2016; the *Delivering Good Governance in Local Government* framework.

10.3 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, firstly in November 2013 and a revised format was agreed to in January 2015. Cheshire East Council’s existing Code has been consistent with the principles of the former CIPFA/SOLACE Framework.

10.4 In the new framework, the existing six core principles to seven principles drawn from the International Framework: Good Governance in the Public Sector (CIPFA/IFAC 2014). The table below maps the original principles to the new ones, and shows whilst there are differences, the core values are shared.

Old Principles		New Principles	
1	Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local areas:	C	Defining outcomes in terms of sustainable economic, social and environmental benefits
2	Members and officers working together to achieve a common purpose with clearly defined functions and roles	E	Developing the entity’s capacity including the capacity of its leadership and the individuals within it
3	Promoting the values of the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour	A	Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
4	Taking informed and transparent decisions which are subject to effective scrutiny and managing risks	F	Managing risks and performance through robust internal control and strong public financial management
5	Developing the capacity and capability of members and officers to be effective	E	Developing the entity’s capacity including the capacity of its leadership and the individuals within it
5	Engaging with local people and other stakeholders to ensure robust public accountability	B	Ensuring openness and comprehensive stakeholder engagement
		D	Determining the interventions necessary to optimise the achievement of the intended outcomes
		G	Implement good practices in transparency, reporting and audit to deliver effective accountability

Principles A and B are described in the Framework as “permeating” the implementation of Principles C-G. It is also noted that “good governance is dynamic, and that the entity as a whole should be committed to improving governance on a continuing basis through a process of evaluation and review.”

- 10.5 The Council's Code of Corporate Governance 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 of Corporate Governance

- 10.6 Each local authority has responsibility for setting out its commitment to the principles of good governance included in the framework, determining its own governance structure, or local code underpinned by those principles, and for ensuring it operates effectively in practice.
- 10.7 The recommendation is to update the Council's Code of Corporate Governance to fully adopt the new principles described in the revised CIPFA/SOLACE guidance to ensure that the Council adheres to best practice in its governance arrangements. The revised Code of Corporate Governance is shown in detail in Appendix A.
- 10.8 The updated Code will be used to facilitate the necessary review of the Council's Corporate Governance arrangements for the purposes of producing the next Annual Governance Statement in 2016/17. The process for producing the Annual Governance Statement is covered elsewhere on the Committee's agenda; (AGS 2015/16 Update)
- 10.9 The Code will be reviewed, and tailored as necessary in the light of operational experience and in response to any issues highlighted in self-assessing against the Code, which is a fundamental part of the Annual Governance Statement assurance gathering process
- 10.9 The review will examine 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

11.0 Access to information

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

Name: Josie Griffiths

Designation: Principal Auditor

Tel No: 86560

Email: josie.griffiths@cheshireeast.gov.uk