

Forest Heath District Council

**PERFORMANCE AND
AUDIT SCRUTINY
COMMITTEE**

24 SEPTEMBER 2013

PAS13/012

(This report is not a key decision. This report has been subject to appropriate notice of publication under the Council's Access to Information Rules)

Report of the Cabinet Member for Resources, Governance and Performance

LOCAL CODE OF CORPORATE GOVERNANCE

1. Summary and reasons for recommendations

- 1.1 Each local government body operates through a governance framework which brings together an underlying set of legislative requirements, governance principles and management processes.
- 1.2 In essence, a Local Code of Corporate Governance (hereafter referred to as the Local Code) explains how the local government body ensures compliance with statutory requirements and best practice guidance on corporate governance. The development of a Local Code, describes how a Council will meet and demonstrate its commitment to good corporate governance.
- 1.3 The Council's current Local Code was last revised in 2010. It is good practice to review arrangements periodically and as such a review of the document has been undertaken to ensure it continues to reflect best practice and shared services arrangements. The revised new Local Code is attached as **Appendix A**.

2. Recommendations

- 2.1 That the Committee recommend to Council that the revised Local Code of Corporate Governance, attached in **Appendix A** be adopted.

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3. How will the recommendations help us meet our strategic priorities?

3.1 The adoption of a Local Code of Corporate Governance will assist the council in assisting the council in meeting its priority of being an efficient and effective council.

4. Key issues

4.1 Background Information

Corporate Governance

4.1.1 Corporate governance has been defined by the Chartered Institute of Public Finance and Accountancy (CIFPA) / Society of Local Authority Chief Executives (SOLACE) as being: 'how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.'

4.1.2 The council's corporate governance framework consists of six core principles as defined in the guidance above:-

1. Focussing on the council's purpose and community needs;
2. Having clear responsibilities and arrangements for accountability;
3. Good conduct and behaviour;
4. Taking informed and transparent decisions which are subject to effective scrutiny and risk management;
5. Developing the capacity and capability of members and officers to be effective; and
6. Engaging with local people and other stakeholders.

The Purpose of a Local Code of Corporate Governance

4.1.3 Each local government body operates through a governance framework which brings together an underlying set of legislative requirements, governance principles and management processes.

4.1.4 In essence, a Local Code of Corporate Governance sets out the principles on how the local government body ensures compliance with statutory requirements and best practice guidance on corporate governance. Whilst the adoption of a Local Code is not a statutory requirement it represents best practice and is a key element of a Council's overarching governance arrangements and its commitment to good corporate governance.

4.1.5 The Local Code is subject to annual review where it is likely to be amended to reflect developments in best practice or legislation.

4.1.6 Changes included in the attached Local Code are as follows:-

- More clearly structured to make it easier to read in one single short document;

- Examples of evidence that previously were included have been removed, but continue to be included in the Annual Governance Statement in order to demonstrate how the Council complies in practice with each of the six principles;
- Whilst the Local Codes of both Forest Heath and St Edmundsbury remain separate their format and structure has been aligned to reflect shared services arrangements; and
- Contact details have been updated to reflect the senior management restructure.

4.1.7 This review has taken into account the 2012 published documents 'Delivering Good Governance in Local Government: Framework (Addendum)' and 'Delivering Good Governance in Local Government: Guidance Note for English Authorities' which have both provided additional guidance on key areas of change since the launch of the original framework in 2007.

5. Other options considered

5.1 Other options have not been considered. It is good practice to have a Local Code.

6. Community impact

6.1 **Crime and disorder impact** *(including Section 17 of the Crime and Disorder Act 1998)*

6.1.1 None arising directly from this report.

6.2 **Diversity and equality impact** *(including the findings of the Equality Impact Assessment)*

6.2.1 None arising directly from this report.

6.3 **Sustainability impact** *(including completing a Sustainability Impact Assessment)*

6.3.1 None arising directly from this report.

6.4 **Other impact** *(any other impacts affecting this report)*

6.4.1 None arising directly from this report.

7. Consultation *(what consultation has been undertaken, and what were the outcomes?)*

7.1 The Code has been prepared by the Joint Governance Group and the Joint Leadership Team have been consulted on the content of this report.

8. Financial and resource implications *(including asset management implications)*

8.1 There are no additional financial and resource implications arising directly from this report.

9. Risk/opportunity assessment *(potential hazards or opportunities affecting corporate, service or project objectives)*

Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
Failure to establish clear policies, responsibility, systems and procedures to secure good governance and effectively manage risk.	Medium	Continuous monitoring and annual review of corporate governance arrangements:- Periodic review of the Council's Local Code. Production and agreement of an Annual Governance Statement. Improvement action plan to further strengthen governance arrangements.	Low

10. Legal and policy implications

10.1 None arising directly from this report.

11. Wards affected

11.1 All

12. Background papers

12.1 None

13. Documents attached

13.1 Appendix A – Local Code of Corporate Governance