

REPORT TO	ON
Governance Committee	12 April 2017

Jan 2017



TITLE	AUTHOR	Agenda item No.
Local Code of Governance	David Whelan	12

## 1. PURPOSE OF THE REPORT

The report presents the revised Local Code of Governance for adoption.

The importance of good governance cannot be overstated; amongst other things it leads to good management, high performance, sound stewardship of public money, public engagement and ultimately high standards of service.

Good governance needs to underpin all our services and be an integral part of our culture; therefore it covers all council activity and all of the council's priorities.

## 2. RECOMMENDATIONS

### Governance Committee

That the Governance Committee review and comment on the draft Local Code of Governance

### Council

That, subject to the comments of the Governance Committee, Council should adopt our revised Local Code of Governance.

## 3. CORPORATE PRIORITIES

The report relates to the following corporate priorities:

Clean, green and safe	X	Strong and healthy communities	X
Strong South Ribble in the heart of prosperous Lancashire	x	Efficient, effective and exceptional council	x

## 4. BACKGROUND TO THE REPORT

Councils must be able to demonstrate compliance with the principles of good governance. Accordingly for a number of years the council has had a Local Code of Governance in operation. Periodically this document needs to be updated and amended. The last time our Code was updated was in June 2013. The need for the latest revision of the Code has been

occasioned by the publication of an updated, revised framework entitled “Delivering Good Governance in Local Government” in 2016 by the Chartered Institute of Public Finance and Accountancy and the Society of Local Authority Chief Executives and Senior Managers (CIPFA/SOLACE). This guidance needs to be followed for 2017. Members will find a revised and updated Code in the Appendix to this report to address changes in the revised framework document.

## 5. DETAILS AND REASONING

5.1 The latest CIPFA/SOLACE guidance referred to in the preceding section is essentially an update and amendment to earlier guidance. The revised framework provides the basis for each council to develop and maintain their own local code of governance. The core principles underpinning this framework have been revised and expanded. There are now 7 key principles; previously there were 6.

5.2 The concept underpinning the framework is to support local government in taking responsibility for developing and shaping an informed approach to governance, aimed at achieving the highest standards in a measured and proportionate way. The purpose of the Framework is to assist authorities individually in reviewing and accounting for their own unique approach, with the overall aim to ensure that:

- Resources are directed in accordance with agreed policy and according to priorities
- There is sound and inclusive decision making
- There is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities

5.3 The 7 key principles in the framework are now:

- Good governance means behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- Good governance means ensuring openness and comprehensive stakeholder engagement
- Good governance means defining outcomes in terms of sustainable economic, social, and environmental benefits
- Good governance means determining the interventions necessary to optimise the achievement of the intended outcomes
- Good governance means developing the entity’s capacity, including the capability of its leadership and the individuals within it
- Good governance means managing risks and performance through robust internal control and strong public financial management
- Good governance means implementing good practices in transparency, reporting, and audit to deliver effective accountability

5.4 The council is fully committed to the principles of good corporate governance and wishes to confirm its ongoing commitment and intentions through the continued maintenance and improvement of its local code. The latest draft of the Code reflects the latest guidance from CIPFA. The principal proposed changes to the Code are those dealing with the amended and expanded 7 key principles (particularly with regard to key principles D and G). In terms of the introductory and explanatory paragraphs contained within the first 4 pages of the Code the changes made here have been minimal – essentially updates to refer to the right version of guidance and regulations.

5.5 As members are aware the Council is required to publish annually its Annual Governance Statement (AGS). The degree to which the council follows its governance principles as defined in its local code will be declared in the AGS. In other words the Local Code sets the context in which the AGS is carried out and prepared.

5.6 The Local Code is a public document which makes explicit the council’s commitment to good governance and the arrangements that have been introduced to demonstrate ongoing application. It is important that the council’s arrangements are transparent to all stakeholders and by making explicit our high standards of corporate governance we are giving a lead to existing and potential partners, the public and other community groups. We need to be able to demonstrate that our standards of governance are the highest possible.

**6. WIDER IMPLICATIONS AND BACKGROUND DOCUMENTATION**

**6.1 Comments of the Statutory Finance Officer**

There are no financial implications resulting from this report. The revised Code ensures compliance with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government.

**6.2 Comments of the Monitoring Officer**

Legal and regulatory compliance is fundamental to strong corporate governance. The attached Local Code seeks to ensure that the Council complies with established best practice. The Code will inform and contextualise our AGS.

<p><b>Other implications:</b></p> <ul style="list-style-type: none"> <li>• <b>Risk</b></li> <li>• <b>Equality</b></li> <li>• <b>HR</b></li> </ul>	<p>Risk - The Local Code and more importantly the assessment of our governance arrangements will enhance our internal control and corporate governance status thus minimising risk.</p> <p>Equality – there are no adverse impacts on equality issues arising from this report</p> <p>HR – there are no HR implications arising from this report</p>
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**8. BACKGROUND DOCUMENTS (or there are no background papers to this report)**

The CIPFA Statement on the Role of the Chief Financial Officer in Local Government

“Delivering Good Governance in Local Government” – CIPFA/SOLACE