Leicestershire County Council

CABINET 15 SEPTEMBER 2017

LOCAL CODE OF CORPORATE GOVERNANCE

JOINT REPORT OF THE CHIEF EXECUTIVE AND THE DIRECTOR OF CORPORATE RESOURCES

PART A

Purpose of the Report

1. The purpose of this report is to inform the Cabinet of the publication of the revised CIPFA/SOLACE Delivering Good Governance in Local Government: Framework and consequently seek the Cabinet’s support for a revised Local Code of Corporate Governance to be presented to the County Council for approval.

Recommendation

2. That the County Council be recommended to approve the revised Local Code of Corporate Governance, attached as an appendix to this report, at its meeting on 27 September 2017.

Reasons for Recommendation

3. A review and revision of the previous Code of Corporate Governance was last approved by the County Council on 19 March 2008. It is therefore necessary for an updated local code to be adopted which reflects the revised Delivering Good Governance in Local Government: Framework (the Framework) issued in April 2016. The Annual Governance Statements prepared for the financial year 2016/17 was agreed by the Corporate Governance Committee on the 26 May 2017 and had regard for the updated code.

Timetable for Decisions

4. The County Council’s Corporate Governance Committee considered the draft Local Code of Corporate Governance at its meeting on 26 May 2017. It is proposed that the County Council at its meeting on 27 September 2017 approve the revised Local Code of Corporate Governance.

Policy Framework and Previous Decisions

5. Schedule 2 of the Constitution - Plans and Strategies forming the Policy Framework (Article 4.01) refers to the requirement to review the Council's Code of Corporate Governance as necessary and make recommendations to the County Council to ensure that it remains relevant to the Council's work and practices

6. The County Council first adopted a Code of Corporate Governance at a meeting of the Cabinet on 13 May 2003 and the Code was endorsed by the County Council on 9 July 2003. The County Council last agreed a revised Code of Corporate Governance on 19 March 2008.

Resource Implications

7. None.

Circulation under the Local Issues Alert Procedure

8. None

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PART B

Background

9. CIPFA, in conjunction with the Society of Local Authority Chief Executives (SOLACE), first published a framework for Corporate Governance in Local Government in 2001 with the intention that it should be used by authorities as the basis for best practice. Corporate Governance is defined by CIPFA/SOLACE as “the system by which local authorities direct and control their functions and relate to their communities”. The core principles were identified as openness and inclusivity, integrity and accountability which were then reflected in the different dimensions of a local authority’s business. In June 2007, CIPFA published “Delivering Good Governance in Local Government: Framework”. This framework, and the accompanying guidance notes, replaced the previous CIPFA/SOLACE framework.

The Revised CIPFA/SOLACE Delivering Good Governance in Local Government Framework

10. In 2014, CIPFA and the International Federation of Accountants (IFAC) collaborated to produce The International Framework: Good Governance in the Public Sector. In 2016, CIPFA and SOLACE took the International Framework’s core principles (and sub-principles) and interpreted them for a local government context. It revised and reissued its ‘Delivering Good Governance in Local Government; Framework’ (the Framework). The Framework sets the standard for local authority governance in the UK. 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

The County Council’s Revised Local Code of Corporate Governance

11. The Framework defines principles that should underpin governance within a local government organisation. It provides a structure to help individual authorities with their approach to governance. How an organisation designs its governance structure is for it to decide, although it should be able to demonstrate that it complies with the core and sub-principles contained in the Framework. It should therefore develop and maintain an up-to-date Local Code of Governance, including arrangements for ensuring ongoing effectiveness. The term ‘Local Code’ essentially refers to the governance structure in place as there is an expectation that a formally set out local structure should exist, although in practice it may consist of a number of local codes or documents.

12. The County Council's Local Code of Corporate Governance has been revised to reflect the seven principles contained in the Framework which are: -

    - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
    - Ensuring openness and comprehensive stakeholder engagement
    - Defining outcomes in terms of sustainable economic, social, and environmental benefits
    - Determining the interventions necessary to optimize the achievement of the intended outcomes
    - Developing the entity's capacity, including the capability of its leadership and the individuals within it
    - Managing risks and performance through robust internal control and strong public financial management
    - Implementing good practices in transparency, reporting, and audit to deliver effective accountability

13. Against each of the seven principles, based on self-assessments of assurances received from Directors and corporate functions, officers have identified current examples of the Council's commitment to achieving good governance e.g. policies, procedures, behaviours, actions and values by which the Council is controlled and governed. The Council's draft Local Code of Governance (2017) is included as the appendix.

<u>Appendix</u>

Appendix - Draft Local Code of Corporate Governance 2017

<u>Background Papers</u>

Report to Corporate Governance Committee 26 May 2017 –Local Code of Corporate Governance.
http://politics.leics.gov.uk/documents/s128686/Local%20Code%20of%20Corporate%20Governance%20-%20cover%20report.pdf

Delivering Good Governance in Local Government: Framework CIPFA/SOLACE, 2007, 2012 and 2016;
http://www.cipfa.org/policy-and-guidance/publications/d/delivering-good-governance-in-local-government-framework-2016-edition

<u>Equality and Human Rights Implications</u>

14. The Local Code of Corporate Governance is based on ensuring the County Council focuses on outcomes for the whole community, promotes values and standards of conduct which are grounded on respect for all people and engages with local people in a way that ensures community interests are taken into account.