

Core arrangements for the Local Code of Corporate Governance

The local code, or other description of governance arrangements, should include details of your arrangements that address areas that are core to good governance. These arrangements are essential for a corporate culture focused on achieving objectives, managing risk and fulfilling stewardship and statutory responsibilities, including best value. A more comprehensive code will provide stronger evidence of your authority's alignment to good governance principles, and CIPFA and Solace would recommend this approach. The annual governance statement will need to provide assurance that the following core arrangements are in place and operating effectively.

DELIVERING GOOD GOVERNANCE IN LOCAL GOVERNMENT: FRAMEWORK

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

- Arrangements to ensure ethical conduct for both members and officers, including codes of conduct, management of conflicts of interest, declarations of gift and hospitality, training and evaluation. Where appropriate, include how codes of ethics for the sector are implemented and supported. Sector requirements include the Code of Practice for Ethical Policing and the Police Code of Ethics, and the Core Code of Ethics for Fire and Rescue Services – England.
- Arrangements covering the ethical behaviour of external service providers.
- Arrangements to support whistleblowing.
- How compliance with laws and regulations and internal policies and procedures is ensured and arrangements to ensure expenditure is lawful.
- How breaches of ethical arrangements, laws, regulations and procedures are addressed and learning adopted.
- How all those in governance roles and senior managers demonstrate their leadership of an ethical culture.

Principle B: Ensuring openness and comprehensive stakeholder engagement

- How the authority ensures that decisions are made in the public interest and the rationale for decisions is recorded.
- How the authority achieves expected standards of openness and transparency, including a culture of internal challenge and self-assessment.
- The arrangements for consultation and engagement with citizens, service users and stakeholders and how these inform decision-making.
- The ways in which the authority communicates with the community and stakeholders.

Principle C: Defining outcomes in terms of sustainable economic, social and environmental Benefits

- How the authority establishes its vision, target outcomes, and associated long-term plans to deliver sustainable outcomes.
- Its decision-making arrangements and how it ensures consideration and demonstration of value for money and best value.

- Arrangements to achieve fair access to services.
- The authority's strategic approach to commissioning across the entity and its partnerships and collaborations.

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

- The arrangements for medium and short-term service planning, supported by projects and programmes, to ensure alignment to the vision and objectives.
- How budgets and resource strategies align to the delivery of objectives.
- How the authority uses self-assessment and continuous improvement to achieve value for money.
- The authority's performance management arrangements to ensure continued alignment to its objectives.
- Arrangements for the achievement of social value in commissioning, procurement and contracting.

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

- Member and officer protocols and clarity over roles and responsibilities, including schemes of delegation.
- Application of the Code of Practice on Good Governance for Local Authority Statutory Officers.
- How financial management roles align with:
 - CIPFA Financial Management Code (FM Code)
 - CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015), The Role of the CFO in Combined Authorities (2024) or The Role of Chief Financial Officers in Policing (2021), as appropriate.
- The arrangements in place for the discharge of the monitoring officer function.
- The arrangements in place for the discharge of the head of paid service function.
- Induction and development programmes to meet the needs of members and senior officers in relation to their strategic roles.
- Workforce planning and organisational development.
- Arrangements for learning and development, and health and wellbeing.

Principle F: Managing risks and performance through robust internal control and strong public financial management

- Risk management policy, strategy and arrangements for review.
- How financial management arrangements align with the Financial Management Code.
- Internal control arrangements including:
 - Cyber, AI and information security arrangements
 - information governance
 - asset management
 - procurement and contract management.

- Assurance frameworks across the three lines. The framework should set out how the leadership team obtains its assurance, including from management, risk and compliance arrangements, and internal audit.
- Internal audit arrangements in conformance with the Global Internal Audit Standards in the UK public sector (GIAS and the Application Note) and the CIPFA Code of Practice on the Governance of Internal Audit.
- Arrangements for formal overview and scrutiny (as applicable).
- Facilitation of internal and external challenge.
- Undertaking the core functions of an audit committee, as identified in Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2022).
- Counter fraud and anti-corruption developed and maintained in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014).
- Governance, risk and control arrangements across companies, partnerships, collaborations and arm's length bodies.
- Internal governance and assurance standard (fire services only).

Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability

- Arrangements for the timely response and support to the work of external audit, internal audit and other inspection or regulatory action.
- Approach to welcoming external challenge and implementing recommendations.
- How learning and improvement are actioned.
- How transparency and accountability are maintained across collaborations and arm's length bodies, such as trading companies and joint ventures.
- Accountability to the public and stakeholders is supported by clear assurance and ensures core areas are covered to enable better accountability in practice.

The local code should be a public document or webpage, easily identifiable on the authority's website. It should be a useful reference for both officers, elected representatives and the public to understand how governance works and the authority's commitment to good governance.

Within the local government sector there will be aspects specific to some bodies but not all, for example the operation of the Force Management Statement and the Code of Ethics in police bodies.

While the preparation of a local code is strongly recommended, it is not a requirement of the regulations. Where an authority does not publish a local code, it will need to explain the elements set out above in its AGS.

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