

Report to the Audit and Governance Committee



**Epping Forest
District Council**

Report reference: AGC-015-2016/17

Date of meeting: 6 February 2017

Portfolio: Governance and Development Management

Subject: Code of Corporate Governance

Responsible Officer: Simon Hill (01992 564449).

Democratic Services: Gary Woodhall (01992 564470).

Recommendations/Decisions Required:

- (1) That the Committee consider and comment upon a revised version of the Council's Code of Corporate Governance, as attached at Appendix 1; and**
- (2) That the Code be approved and subject to annual review by the Committee.**

Reasons for Proposed Decision:

CIPFA and Solace have published a new framework for Corporate Governance which will apply from 2016/17. The Corporate Governance Group requested that a review was undertaken to meet that requirement.

Other Options for Action:

No other options are appropriate in this respect. The Council must adopt a Code which reflects the requirements of the new Framework.

Report:

1. "Delivering Good Governance in Local Government: Framework", published by CIPFA in association with Solace in 2007, set the standard for local authority governance in the UK. CIPFA and Solace reviewed the Framework in 2015 to ensure it remains 'fit for purpose' and published a revised edition in spring 2016. The new Framework applies to annual governance statements prepared for the financial year 2016/17 onwards.

2. The Framework is intended to assist authorities individually in reviewing and accounting for their own unique approach. The overall aim is to ensure that:

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

3. Guidance from CIPFA/Solace on the new framework runs to some 120 pages. It envisages that the authority should nominate an individual or group of individuals within the authority who have appropriate knowledge and expertise and levels of seniority to:

- consider the extent to which the authority complies with the principles of good governance set out in the Framework;
- identify systems, processes and documentation that provide evidence of compliance;
- identify the individuals and committees responsible for monitoring and reviewing the systems, processes and documentation identified; and
- identify issues that have not been addressed in the authority and consider how they should be addressed.

4. At its meeting in November, the Council's Corporate Governance Group expressed the view that there are sound governance arrangements at the Council and approved the draft code for consideration by members.

5. Annual reports on the effectiveness of the arrangements are submitted to the Audit and Governance Committee on an annual basis. The last occasion was on 27 June when the arrangements were considered 'fit for purpose'.

6. The new Code seeks to address how the Council meet the new principles. It is expected to:

- (i) behave with integrity, demonstrating a strong commitment to ethical values and respect the rule of law;
- (ii) ensure openness in its culture and engage comprehensively with stakeholders, citizens and service users;
- (iii) have a clear vision and defined desired outcome in terms of sustainable, social and environmental benefit;
- (iv) have in place interventions necessary to optimise the achievement of its intended outcomes;
- (v) develop its capacity and capability of its leadership and staff;
- (vi) manage its risk and performance through robust internal control and strong public finance management; and
- (vii) implement good practice in transparency, reporting and audit to deliver effective accountability.

7. The attached document attempts to codify how the Council meets the principles and associated sub-principles within the framework.

8. The final draft document is attached for approval. The next Annual Governance Statement will then need to relate to the new framework and demonstrate how the requirements of the framework are met.

Resource Implications:

None unless further review is required.

Legal and Governance Implications:

Matter is covered within Regulation 6(1)(a) of the Accounts and Audit Regulations 2015.

Safer, Cleaner, Greener Implications:

None.

Consultation Undertaken:

CGG's views are sought as to future direction.

Background Papers:

Framework produced in April 2016 by the Chartered Institute of Public Finance and Accountancy (CIPFA) entitled "Delivering Good Governance in Local Government" – Document available on request.

Risk Management:

No new risks are introduced as part of the adoption of the new Code. The Code introduces the requirement for the Council to apply greater emphasis to the annual review of effectiveness of its governance arrangements which should have the effect during subsequent reviews of flagging areas where improvements may be necessary and improving risk management.