

WEST NORTHAMPTONSHIRE COUNCIL

AUDIT & GOVERNANCE COMMITTEE

29TH SEPTEMBER 2021

Report Title	Approval of West Northamptonshire's Code of Corporate Governance
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List of Appendices

Appendix A – Draft Code of Corporate Governance

Appendix B – <https://www.cipfa.org/policy-and-guidance/publications/d/delivering-good-governance-in-local-government-guidance-notes-for-english-authorities-2016-edition>

1. Purpose of Report

One of the key documents which Council's need to have in place in order to demonstrate sound governance is the Code of Corporate Governance. A recent internal audit highlighted the need for the Council to put this in place. This report attaches a draft Code for members consideration and approval.

2. Executive Summary

Cipfa have established a set of principles of International Corporate Governance and these form the basis of the framework developed by Cipfa and Solace entitled Delivering Good Governance in Local Government. This publication positions the attainment of sustainable economic, societal, and environmental outcomes as a key focus of governance processes and structures. Outcomes are what give the role of local government its meaning and importance, and it is fitting that they have this central role in the sector's governance.

The focus on sustainability and the links between governance and public financial management are crucial – local authorities must recognise the need to focus on the long term. They have responsibilities to more than their current electors; they must take account of the impact of current decisions and actions on future generations.

To achieve good governance, each local authority should be able to demonstrate that its governance structures comply with the core and sub principles contained in this Framework. It should therefore develop and maintain a local code of governance/governance arrangements reflecting the principles set

out. Whatever form of arrangements are in place, authorities should test their governance structures and partnerships against the Framework's principles.

Local authorities are required to prepare a governance statement in order to report publicly on the extent to which they comply with their own code of governance on an annual basis, including how they have monitored and evaluated the effectiveness of their governance arrangements in the year, and on any planned changes in the coming period. The process of preparing the governance statement should itself add value to the effectiveness of the governance and internal control framework. Further detail is available via the link below.

Appendix 2 <https://www.cipfa.org/policy-and-guidance/publications/d/delivering-good-governance-in-local-government-guidance-notes-for-english-authorities-2016-edition>.

The attached document is a draft of the first Code of Corporate Governance for West Northamptonshire for consideration by the Audit and Governance Committee. Members are asked to review the documents and arrangements cited to evidence compliance with the standard. Further documents can be added as these are published. The draft Code of Corporate Governance is attached at **Appendix 1**.

The Code sets out the various documents which the Council has in place to ensure it meets the standard. The primary purpose of the document is to assemble together and provide links to the detailed evidence which demonstrates the soundness of our Corporate Governance arrangements this supports external and internal audits and provides an additional level of transparency.

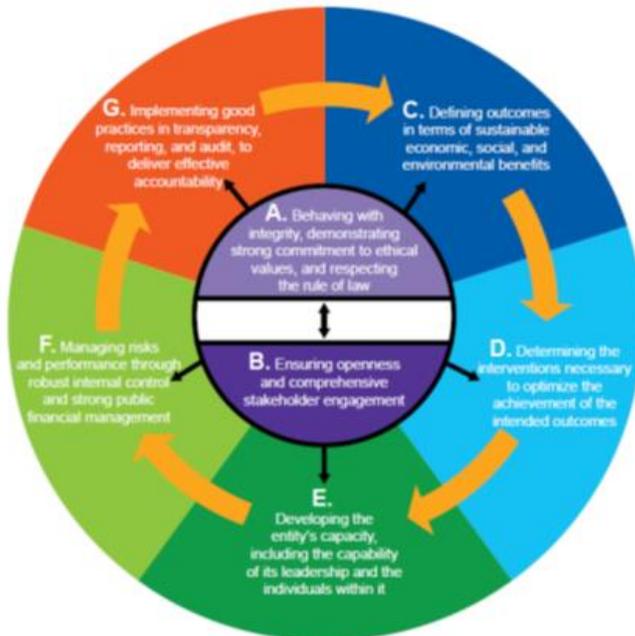
The diagram below is one used by Cipfa it describes the relationship between the core principles. For accessibility reasons I have included core principles arranged in the chart, in a list form below.

Core Principles of Good Governance

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

Figure 1: Relationships between the Principles for Good Governance in the Public Sector

**Achieving the Intended Outcomes
While Acting in the Public Interest at all Times**



3. Recommendations

Members are requested to:

- 3.1 Review the Code of Corporate Governance for West Northamptonshire and subject to any amendments proposed and agreed by members, approve the document for publication on the Council's website.
- 3.2 Delegate responsibility to the Monitoring Officer to review and update the document and where appropriate include additional evidence and links to documents as necessary.

4. Reason for Recommendations

- 4.1 The recommendations are necessary to enable the Council to provide transparent governance and comply with the national framework.

5. Report Background

- 5.1 The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

- 5.2 The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way which functions are exercised.
- 5.3 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, including the management of risks.
- 5.4 The Accounts and Audit Regulations 2015 require a local authority to review at least once a year the effectiveness of its system of internal control. This requirement will be fulfilled if the review is conducted in accordance with the Delivering Good Governance (DGG) in Local Government Framework (2016).
- 5.5 The Council should be able to demonstrate that its governance structures comply with the core and sub-principles contained in the Framework and, to facilitate this, it should therefore develop and maintain a Local Code of Corporate Governance reflecting the principles set out.
- 5.6 The Local Code of Corporate Governance is a public statement that sets out the way the Council will meet its commitment to demonstrating that it has the necessary corporate governance arrangements in place to perform effectively. It represents a key component of the Council's governance arrangements and applies to all Council members, officers, partners and stakeholders in their dealings with the Council.
- 5.7 The Delivering Good Governance in Local Government Framework (2016) is a later iteration of the earlier framework. The Code of Corporate Governance document will need to be reviewed to ensure that it remains current and up to date and contains the latest documents as part of the evidence to support the arrangements described and where applicable it amended to reflect any future changes to the framework to reflect changing requirements.

6. Issues and Choices

- 6.1 The draft Code of Corporate Governance is a document which describes the governance arrangements we have in place setting these out in a single document assists auditors and others who are looking to review the adequacy of those arrangements. It is a requirement for us to do this although the Code could take a different form.

7. Implications (including financial implications)

Financial Implications

- 7.1. There are no resources or financial implications arising from the recommendations set out in this report.

Legal Implications

- 7.2. There are no legal implications arising from the recommendations set out in this report. The actions proposed in the report will enable the Council to meet its statutory requirements as set out in the body of the report.

Risks

- 7.3. There are no significant risks arising from the proposed recommendations in this report. Risks would arise in the failure to put in place adequate governance arrangements and in failing to describe them there is an increased risk of failing to have adequate arrangements are in place.

Consultation

- 7.4. No formal consultation has been carried out in relation to the Code although it has been prepared in accordance with the National Framework and the evidence cited has separately included consultation.

Consideration by Overview and Scrutiny

- 7.5. Scrutiny in relation to governance matters is generally provided by the Audit and Governance Committee but is available to Corporate Scrutiny if desired.

Climate Impact

- 7.6. There are no direct climate impacts from the preparation of a document which will be published in an online version.

Community Impact

- 7.7. The decisions set out in this report have no direct impact upon customers or the services that they receive.

8. Background Papers

- 8.1. There is none.