

Summary Sheet

Council Report:

Audit Committee 8th February 2017

Title:

Local Code of Corporate Governance

Is this a Key Decision and has it been included on the Forward Plan?:

No

Strategic Director Approving Submission of the Report:

Shokat Lal (*Assistant Chief Executive*)

Report Author(s):

Simon Dennis (Corporate Risk Manager)
Andrew Shaw (Insurance & Risk Manager)

Ward(s) Affected:

All

Executive Summary:

In April 2016 CIPFA (the Chartered Institute of Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives) published revised guidance on delivering good governance in local government. The Council's Local Code of Corporate Governance has been rewritten to set out how it will comply with this new guidance and is presented here for consideration by the Audit Committee.

Recommendations:

- **The Audit Committee is asked to consider the refreshed version of the Local Code of Corporate Governance**
- **Consider the proposal for the creation of a Governance Group to oversee the implementation of the Local Code as well as the provision of evidence to support the Annual Governance Statement**
- **After consideration, advise of any amendments or further development work deemed necessary**

List of Appendices Included:

Appendix 1 – Local Code of Corporate Governance.

Background Papers:

"Delivering Good Governance in Local Government", published by CIPFA (the Chartered Institute of Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives) in April 2016.

Consideration by any other Council Committee, Scrutiny or Advisory Panel:

No

Council Approval Required:

No

Exempt from the Press and Public:

No

Title: Local Code of Corporate Governance

1. Recommendations

- 1.1 The Audit Committee is asked to consider the refreshed version of the Local Code of Corporate Governance**
- 1.2 Consider the proposal for the creation of a Governance Group to oversee the implementation of the Local Code as well as the provision of evidence to support the Annual Governance Statement**
- 1.3 After consideration, the Committee to advise of any amendments or further development work deemed necessary**

2. Background

- 2.1 The Corporate Governance delivery programme section of the Rotherham Improvement Plan stressed the need for improvement in Governance, Decision making and Performance Management arrangements with the ultimate outcome being a robust Governance framework. A new local code of Corporate Governance was introduced in November 2015 in response to the need set out in the Improvement Plan.
- 2.2 In April 2016, CIPFA (the Chartered Institute of Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives) published revised guidance on delivering good governance in Local government. The Council's Local Code of Corporate Governance has now been rewritten to set out how it intends to comply with this new guidance. This Local Code is presented here for consideration by the Audit Committee.
- 2.3 The new guidance sets out seven key principles of good governance and the Council's new Local Code reflects these principles.
- 2.4 Good governance leads to good management, performance, public engagement, stewardship of public money and, through all this, good outcomes for citizens and service users.

3. Key Issues

- 3.1 Rotherham Metropolitan Borough Council is committed to ensuring the highest possible standards of governance in order to fulfil its responsibilities. Integrity, openness and accountability are fundamental principles by which the Council operates and these are specifically reflected in two of the Council's values – "Honest" (Being open and truthful in everything we do) and "Accountable" (We own our decisions, we do what we say and we acknowledge and learn from our mistakes).
- 3.2 In 2014/15, the Council was heavily criticised in the Casey 'Corporate Governance Inspection' Report (February 2015) for a series of governance failings and was regarded overall as not 'fit for purpose'.

As part of the Improvement Plan which responded to these failings, the Council produced a new Code of Corporate Governance which brought all of its practices together in one document, making them open and explicit.

- 3.3 Appropriate procedures and processes are being integrated into the Council's Governance Framework to ensure there will be routine application and ongoing review of the arrangements described in the Code. Furthermore, the proposals considered by SLT on 13 December 2016, to establish a new, corporate "Performance, Intelligence and Improvement" capacity, would seek to bring together the Council's approaches performance monitoring and management, risk management and corporate governance, as part of the same service/function.
- 3.4 National guidance; "Delivering Good Governance in Local Government", was first published in 2007 by CIPFA (the Chartered Institute of Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives) and at the time identified six core principles of good governance. Additional guidance, in the form of an addendum, was published in 2012 and the new Code, on which this Local Code is based, was published in April 2016.
- 3.5 The new Local Code sets out the seven key principles which underpin its operation. These are:
 - Behaving with Integrity, demonstrating strong commitment to ethical values and respecting the rule of law
 - Ensuring Openness and comprehensive stakeholder engagement
 - Determining outcomes in terms of sustainable economic, social and environmental benefits
 - Determining the interventions necessary to optimise the achievement of the intended outcomes
 - Developing the Councils 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 practice in transparency, reporting and audit to deliver effective accountability
- 3.6 The first two principles underpin the operation of the other five and represent a change in approach from earlier versions of the Code. As can also be seen from the list above, the Council's own values align closely to the key principles in the CIPFA/SOLACE code.
- 3.7 The Council has adopted this approach in producing its Local Code of Corporate Governance to give citizens and customers a clear understanding of how the Council manages its decision making, service planning, service delivery and accountability processes, how it ensures that the Council sets out its vision and priorities and how it provides effective and efficient outcomes to its citizens and customers.

- 3.8 In many Councils, the implementation and operation of the local Code is overseen by a “Governance Group”. Such a group would have the following roles:
- Have oversight of the Local Code, including its implementation, review and revision on at least an Annual Basis
 - Co-ordinate the production of the Annual Governance Statement and the assurances needed to underpin this
 - Review the progress being made to address the issues reported in the previous year’s Annual Governance Statement
 - Ensure that recommendations from external bodies are appropriately followed up and reported to the Audit Committee
 - Be responsible for responding to any ad hoc governance issues as required
- 3.9 Ideally the “Governance Group” would consist of staff directly involved in the implementation of the Code and the production of the Annual Governance Statement. For Rotherham, this would normally include:
- The Corporate Risk Manager
 - The Head of Internal Audit
 - The Insurance and Risk Manager
 - A representative from Legal Services
 - A representative from the Information Governance Group
 - A member of SLT to chair the group
- 3.10 The Group would meet as required, envisaged to be at least three times a year to focus on the process for the production of the Annual Governance Statement as well as the progress on issues from previous Annual Governance Statements.

4. Options considered and recommended proposal

- 4.1 "Delivering Good Governance in Local Government", published by CIPFA (the Chartered Institute of Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives) is widely acknowledged as the authoritative guide in this area.
- 4.2 All Local Authorities within the UK construct their Local Codes of Corporate Governance utilising the methodology advocated by this guidance. The revised framework was published in April 2016 and it is important that the Council complies with this new code. The revised framework has been analysed and the findings are reflected in this revision of our own Local Code.
- 4.3 The Audit Committee is invited to review the attached Local code and provide any comments.
- 4.4 The Audit Committee is also invited to consider the proposal to create a Corporate Governance Group.

5. Consultation

- 5.1 Research has been undertaken into sector codes of governance. The attached Code takes account of current arrangements in Rotherham.

6. Timetable and Accountability for Implementing this Decision

6.1 The refreshed code is to be presented to the Audit Committee for consideration at its meeting on 8th February 2017 and then should be signed off by both the Chief Executive and the Leader of the Council.

7. Financial and Procurement Implications

7.1 There are no immediate financial and procurement implications associated with the refreshed code although, previously stated, good governance leads to good stewardship of public money.

8. Legal Implications

8.1 There are no immediate legal implications associated with the proposals.

9. Human Resources Implications

9.1 There are no Human Resources implications associated with the proposals.

10. Implications for Children and Young People and Vulnerable Adults

10.1 There are no immediate implications associated with the proposals.

11. Equalities and Human Rights Implications

11.1 There are no immediate implications associated with the proposals.

12. Implications for Partners and Other Directorates

12.1 There are no immediate implications associated with the proposals.

13. Risks and Mitigation

13.1 The implementation of an effective Governance framework is designed to minimise the Authority's exposure to risk.

14. Accountable Officer(s):

Simon Dennis (*Corporate Risk Manager*)

Andrew Shaw (*Insurance and Risk Manager*)

Approvals Obtained from:-

Strategic Director of Finance and Customer Services: Judith Badger

Assistant Director of Legal Services: Dermot Pearson

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