

BABERGH DISTRICT COUNCIL and MID SUFFOLK DISTRICT COUNCIL

From: Corporate Manager – Internal Audit	Report Number: JAC104
To: Joint Audit and Standards Committee	Date of meeting: 15 May 2017

LOCAL CODE OF CORPORATE GOVERNANCE 2016/17

1. Purpose of Report

- 1.1 To ensure that the Councils' Local Code of Corporate Governance is compliant with the new Chartered Institute of Public Finance and Accountancy (CIPFA)/ Society of Local Authority Chief Executives (SOLACE)/ Framework for Delivering Good Governance in Local Government.

2. Recommendation

- 2.1 That the Local Code of Corporate Governance attached as Appendix A be adopted.

3. Financial Implications

- 3.1 There are no direct financial implications as a result of this report.

4. Legal Implications

- 4.1 The Councils are required to ensure they have strong corporate governance arrangements in place so as to be able to effectively meet and discharge its obligations, responsibilities and duties. Inadequate governance arrangements could lead to significant governance issues arising leaving the Councils open to challenge.
- 4.2 Reviewing and amending the Local Code in accordance with the Framework will ensure that the Councils' governance arrangements are both fit for purpose and take into account the best practice guidance. An annual governance statement will need to be prepared in accordance with the Framework in order to meet the statutory requirement set out in the Accounts and Audit Regulations 2015.

5. Risk Management

- 5.1 This report is most closely linked with the Councils' Significant Risk No. 5c – Failure to develop clear governance arrangements that enable the right decision to be taken that are appropriate for the environment that we are operating in. Key risks are set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
Failure to regularly monitor and improve the Councils' arrangements could weaken corporate governance, leaving the Councils open to external challenge.	Unlikely (2)	Bad (3)	Officer's working group formed to address governance processes. Internal and External Audit help to ensure a systemic, disciplined approach to evaluate and improve the effectiveness of risk management. Internal control and governance processes.

6. Consultations

6.1 The Local Code of Corporate Governance review has been undertaken in consultation with senior management, key officers and Internal Audit.

7. Equality Analysis

7.1 There are no such direct implications arising.

8. Shared Service / Partnership Implications

8.1 Through the integration process Babergh and Mid Suffolk have, where possible aligned their governance arrangements while still recognising the separate sovereign nature of the Councils.

9. Links to Joint Strategic Plan

9.1 Governance touches all aspects of the Councils' activities. To ensure the successful delivery of the Joint Strategic Plan it is essential that the principles of good governance are applied consistently across the Councils.

10. Key Information

10.1 Corporate governance is a phrase used to describe how organisations direct and control what they do. For local authorities this also includes how a council relates to the communities that it serves.

10.2 The new CIPFA/SOLACE Framework, in the main mirrors the last CIPFA/SOLACE Guidance Framework.

10.3 The new CIPFA/SOLACE Framework applies to annual governance statements prepared for the financial year 2016/17 onwards.

10.4 The concept underpinning the framework is that it is helping 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.

10.5 By applying the principles in the Local Code, the Councils commit themselves to discharging its services to Babergh and Mid Suffolk residents in a way that demonstrates accountability, transparency, effectiveness, integrity, and inclusivity.

10.6 There are two main changes to the Local Code that have been made:

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

This aspect of the Local Code examines the strategic combination of legal, regulatory and practical interventions, with a view to them ensuring that the intended outcomes are achieved.

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

The purpose of this aspect of the Local Code is to ensure that those making decisions and delivering services are held accountable for the same. Transparency is a key driver for this Local Code, with both internal and external audit required to contribute to effective accountability.

10.7 The Councils' revised Local Code of Corporate Governance has been amended to comply with the changes introduced by CIPFA/SOLACE. As with the previous Local Code, the Council is required to demonstrate through evidence how it meets all aspects of the Local Code. The revised Local Code detailed at Appendix A sets out the revised Local Code along with the evidence relied upon to demonstrate compliance.

10.8 The arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

11. Appendices

Title	Location
A Revised Local Code of Corporate Governance	Attached

12. Background Documents

12.1 CIPFA/SOLACE Guidance/Framework for Delivering Good Governance in Local Government 2016.