

**Cheltenham Borough Council**  
**Audit Committee – 23 March 2016**  
**Revised Code of Corporate Governance**

<b>Accountable member</b>	<b>Councillor Steve Jordan - Leader of the Council</b>
<b>Accountable officer</b>	<b>Mark Sheldon - Director of Resources</b>
<b>Ward(s) affected</b>	<b>None</b>
<b>Significant Decision</b>	<b>Yes</b>
<b>Executive summary</b>	The Council has a Code of Corporate Governance (the Code) that is based upon a SOLACE and CIPFA model; there is a requirement to review it on a regular basis to ensure that it remains up to date and relevant then approved by Members. This year the review was undertaken by the Corporate Governance Group.
<b>Recommendations</b>	I recommend that: Audit Committee consider the Code, suggest any further changes that they feel are appropriate and approve for use during 2016-17.

<b>Financial implications</b>	<i>No direct financial implications</i>  <i>Contact officer: Paul Jones Head of Financial Email: Tel: Paul <a href="mailto:Paul.Jones@cheltenham.gov.uk">Jones@cheltenham.gov.uk</a></i>  <i>Tel: 01242 775154</i>
<b>Legal implications</b>	No direct legal implications arising from the recommendations.  Contact officer: Peter Lewis Head of Legal Services  Email; <a href="mailto:peter.lewis@tewkesbury.gov.uk">peter.lewis@tewkesbury.gov.uk</a>  Tel; 01684 272012
<b>HR implications (including learning and organisational development)</b>	Cheltenham Borough Council is a partner of the 2020 Joint Committee and a number of former functions of the Council are now the responsibility of the Joint Committee. It is therefore key that changes to the Code are cascaded to all retained and shared services employees working on behalf of Cheltenham Borough Council The Governance arrangements for the Joint Committee and for the council need to dovetail and complement one another.  Contact officer: Julie McCarthy HR Manager  <i>Email;, <a href="mailto:Julie.mccarthy@cheltenham.gov.uk">Julie.mccarthy@cheltenham.gov.uk</a> Tel 01242 264355</i>

<b>Key risks</b>	<p>If the code of Corporate Governance is not kept up to date then there is a risk that we will not meet policy and legislative requirements.</p> <p>If the Council does not maintain a robust governance framework then there is an increased risk to it not doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.</p> <p>If the Council does not have an effective governance framework then there is an increased risk of error, fraud and corruption. A risk template is attached at appendix 1.</p>
<b>Corporate and community plan implications</b>	<b><i>Effective corporate governance supports the Councils Corporate Strategy, MTFS and partnership working arrangements.</i></b>
<b>Environmental and climate change implications</b>	<b>None</b>

## 1. Background

- 1.1 The current Code was approved by the Audit Committee March 2014, this report informs the Audit Committee of revisions/amendment's and asks members to make further consideration so that any additional suggestions can be included. The draft Code is included at appendix 2.

### **Role of the Code of Corporate Governance**

- 1.2 The Code is a public statement setting out the governance standards the Council will meet to ensure it is doing the right things, in the right way and operating in an inclusive, open, honest and accountable manner. It provides the organisation and internal and external auditors with assurance that the Council's governance standards are fit for purpose and up to date.
- 1.3 The Code sets out the Council's standards relating to internal audit, financial control, responding to external audit recommendations, recommendations from formal inspections, and maintaining the internal control environment. The Code also refers to the Constitution and the role of Audit Committee and other committees in providing democratic oversight of the Council's governance arrangements.
- 1.4 Local authorities are required under the Accounts and Audit (England) Regulations 2011 to prepare an Annual Governance Statement. CIPFA, the Chartered Institute of Public Finance and Accountancy, have produced a local framework entitled 'Delivering Good Governance in Local Government' which recommends both that local authorities produce and maintain a local code of governance and that their annual governance statement reports on the extent to which the code has been complied with. The Council's Code of Corporate Governance is based on the six core principles of the framework, these being:
- Principle 1 - Focusing on the purpose of the Council and on outcomes for the community including citizens and service users and creating and implementing a vision for the local area.
  - Principle 2 - Members and officers working together to achieve a common purpose with clearly defined functions and roles.
  - Principle 3 - Promoting the values of the Council and demonstrating the values of good governance through behaviour.
  - Principle 4 - Taking informed and transparent decisions which are subject to

effective scrutiny and managing risk.

- Principle 5 - Developing the capacity and capability of Members and officers to be effective.
- Principle 6 – Engaging with local people and other stakeholders to ensure robust public accountability.

**1.5** The Code of Corporate Governance was reviewed by the Corporate Governance Group on the 18 February 2016. The Code has been revised to reflect the comments from the Corporate Governance Group and it is attached as appendix 2 to this report.

### **Reviewing the Code of Corporate Governance**

- 1.6** CIPFA urges local authorities to ensure their Code of Corporate Governance remains up to date. Since the last refresh of the Code the local government landscape has shifted considerably leading to many new governance issues, for which it is important that the organisation sets out its standards. These include the provisions of the Localism Act 2011, the government’s data transparency agenda and the growing awareness of the importance of protecting information.
- 1.7** In December 2012 CIPFA published a new guidance note for Local Authorities on delivering good governance. The note draws attention to new governance issues, describes how their governance framework should be adhered to following the changes to local government, and includes examples of good governance practices amongst local authorities in responding to these issues. The Code of Corporate Governance takes these issues into account.
- 1.8** The document refers to a number of track changes to the Council’s controls in a number of governance areas which have arisen since the publication of the last Code.

## **2. Reasons for recommendations**

**2.1** The Code of Corporate Governance should be up to date and as relevant as possible with the approval of Members.

## **3. Alternative options considered**

**3.1** None

## **4. Consultation and feedback**

**4.1** Consultation was undertaken with One Legal, members of the Senior Leadership Team and the Corporate Governance group.

## **5. Performance management –monitoring and review**

**5.1** The Corporate Governance will review and update the Code as required and report back to Audit Committee on an annual basis.

<b>Report author</b>	<b>Corporate Governance, Risk and compliance officer</b> <b>Contact officer; <a href="mailto:bryan.parsons@cheltenham.gov.uk">bryan.parsons@cheltenham.gov.uk</a>,</b> <b>01242 264189</b>
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<b>Appendices</b>	<ol style="list-style-type: none"><li>1. Risk Assessment</li><li>2. Draft Code of Corporate Governance 2016-17</li></ol>
<b>Background information</b>	n/a

**Risk Assessment**

**Appendix 1**

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likelihood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
	If the code of Corporate Governance is not updated and implemented then there is a risk that we will not meet policy and legislative requirements.	Director of Corporate Resources and Projects	23/03/2016	3	1	3	Reduce	Directors to ensure that any key internal Policies are maintained and used in line with the constitution, Financial Rules and Legislation.	01/04/2016	Corporate Governance, Risk and Compliance officer	No
	If the council does not maintain a robust governance framework then there is an increased risk to it not doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.	Director of Corporate Resources and Projects	23/03/2016	3	1	3	Reduce	Review and revise Code of Corporate Governance	01/04/2016	Corporate Governance, Risk and Compliance officer	No
	If the council does not have an	Director of Corporate	23/03/2016	3	1	3	Reduce	Revise assurance	01/04/2016	Corporate Governance,	No

	effective Governance framework then there is an increased risk of error, fraud and corruption.	Resources and Projects						check lists to measure changes introduced through amendments to the constitution and report within the 2012/13 annual governance statement		Risk and Compliance officer	

**Explanatory notes**

**Impact** – an assessment of the impact if the risk occurs on a scale of 1-5 (1 being least impact and 5 being major or critical)

**Likelihood** – how likely is it that the risk will occur on a scale of 1-6

(1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability)

**Control** - Either: Reduce / Accept / Transfer to 3rd party / Close