

Cheltenham Borough Council
Audit Committee – 21 March 2012
Revised Code of Corporate Governance

Accountable member	Councillor Steve Jordan, Leader of the Council
Accountable officer	Director of Resources, Mark Sheldon
Accountable scrutiny committee	Economy and Business Improvement
Ward(s) affected	None
Key Decision	No
Executive summary	<p>The Council has approved a Code of Corporate Governance (the Code) that is based upon a SOLACE and CIPFA model and there is a requirement to review the Code annually to ensure that it remains up to date and relevant. This year the review has taken place alongside the work that has been undertaken to review the Constitution.</p> <p>The key changes ensure that;</p> <ul style="list-style-type: none"> - it reflects the work of the council in respect of commissioning - the deletion of appendices relating to policies so that they can be included separately as an appendix to the Constitution <p>The Director of Resources will consider any recommendations from this committee and amend the Code accordingly before it is presented to council in March 2012. Following approval by Council the Code will become an appendix to the Constitution.</p>
Recommendations	The committee consider the revised Code, suggest any further changes as appropriate and recommend it to council for approval.

Financial implications	<p>Good corporate governance arrangements assist in protecting both the councils and taxpayer's assets from financial loss. The policy continues to demonstrate that the council ensures that this is an important principle is embedded in the organisation. There are no specific financial implications arising from this report.</p> <p>Contact officer: Mark Sheldon, mark.sheldon@cheltenham.gov.uk, 01242 264123</p>
Legal implications	<p>The Code is a transparent way of evidencing that the Council is committed to sound governance.</p> <p>Contact officer: peter.lewis@tewkesbury.gov.uk, 01684 272012</p>

HR implications (including learning and organisational development)	<p>There will need to be awareness among the relevant officers of the revised Code of Corporate Governance, (i.e. the key changes).</p> <p>Contact officer: Amanda Attfield, <i>amanda.attfield@cheltenham.gov.uk, 01242 4186</i></p>
Key risks	<p>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</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.</p>
Corporate and community plan Implications	<p>Effective corporate governance supports the councils Corporate Strategy, MTFS and partnership working arrangements.</p>
Environmental and climate change implications	<p>None</p>

1. Background

- 1.1 The current Code of Corporate Governance was approved by the Audit Committee in January 2010 and by Council in the following March. It was reviewed by the Corporate Governance Group in March 2011 but there were no recommendations for it to be updated at that time. In-line with the policy requirements it was reviewed again in February 2012.
- 1.2 The recommendations from the KPMG Public Interest Report relating to governance have been fully implemented including a review of the Risk Management Policy and the Constitution.
- 1.3 The amendments to the Code include details of what key documents support it based upon the model CIPFA/SOLACE framework and removes appendices A and B that listed policies so that they can be referred to separately within the constitution

2. Reasons for recommendations

- 2.1 The council has adopted a commissioning approach to delivering its services which has led to the development of a Commissioning Protocol which describes the principles that govern the approach to commissioning and provides a description of the context in which commissioning is undertaken which is referenced within the Code.
- 2.2 The Audit Committee are also being asked to consider if there are any other further issues that it wishes officers to consider as part of the review so that they can ensure that it fully reflects the governance arrangements that are in place.

3. Alternative options considered

- 3.1 None

4. Consultation and feedback

4.1 Senior officers involved in the constitutional review and the development of commissioning have been consulted and their views have been fully reflected in the revisions made. The Corporate Governance Group and the Senior Leadership Team have also been consulted.

5. Performance management – monitoring and review

5.1 An Annual Governance Statement reflecting the effectiveness of the current governance arrangements as defined within the Code will be reported to the Audit Committee and to Council in June 2012.

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Appendices	1. Report Risk Assessment 2. The draft Code of Corporate Governance
Background information	1. None

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-4	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 Resources	21/03/2012	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 .	31/03/2013	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 Resources	21/03/2012	3	1	3	Reduce	Review and revise Code of Corporate Governance	01/04/2012	Corporate Governance, Risk and Compliance officer	No
	If the council does not have an effective Governance framework then there is an increased risk of error, fraud and corruption.	Director Resources	21/03/2012	3	1	3	Reduce	Revise assurance check lists to measure changes introduced through amendments to the	01/03/2013	Corporate Governance, Risk and Compliance officer	No

								constitution and report within the 2012/13 annual governance statement			
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Explanatory notes

Impact – an assessment of the impact if the risk occurs on a scale of 1-4 (4 being the greatest impact)

Likelihood – how likely is it that the risk will occur on a scale of 1-6 (6 being most likely)

Impact Description	Impact score	Probability	Likelihood Description	Likelihood Score
Negligible	<u>1</u>	0% - 5%	Almost impossible	<u>1</u>
Marginal	<u>2</u>	5% - 15%	Very low	<u>2</u>
Major	<u>3</u>	15% - 30%	Low	<u>3</u>
Critical	<u>4</u>	30% - 60%	Significant	<u>4</u>
		60% - 90%	High	<u>5</u>
		> 90%	Very high	<u>6</u>

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