

**Cheltenham Borough Council**  
**Audit Committee – 19th June 2013**  
**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>Accountable scrutiny committee</b>	<b>Overview and Scrutiny</b>
<b>Ward(s) affected</b>	<b>None</b>
<b>Key Decision</b>	<b>No</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>	<b>I recommend that: The committee consider the Code, suggest any further changes that they feel are appropriate and approve for use during 2013-14.</b>

<b>Financial implications</b>	<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 embedded in the organisation. There are no specific financial implications arising from this report.</p> <p><b>Contact officer: Mark Sheldon</b></p> <p><b>Email: <a href="mailto:mark.sheldon@cheltenham.gov.uk">mark.sheldon@cheltenham.gov.uk</a> Tel: 01242 264123</b></p>
<b>Legal implications</b>	<p>The Statutory context for the Code of Corporate Governance is as set out in the report there are no other legal implications arising from the recommendations</p> <p><b>Contact officer: Peter Lewis</b></p> <p><b>Email; <a href="mailto:Peter.lewis@tewkesbury.gov.uk">Peter.lewis@tewkesbury.gov.uk</a></b></p> <p><b>Tel. 01684 272012</b></p>

<b>HR implications (including learning and organisational development)</b>	<p>The HR/L&amp;OD team need to ensure that adequate training is provided to relevant Members, Officers and employees on the revised Code of Corporate Governance to ensure compliance and embedding within the organisation.</p> <p><b>Contact officer: Donna Sheffield</b></p> <p><b>Email: <a href="mailto:donna.sheffield@cheltenham.gov.uk">donna.sheffield@cheltenham.gov.uk</a> Tel: 01242 774972</b></p>
<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>	<p>Effective corporate governance supports the councils Corporate Strategy, MTFS and partnership working arrangements.</p>
<b>Environmental and climate change implications</b>	<p><b>None</b></p>

## 1. Background

- 1.1 The current Code of Corporate Governance was approved by the Audit Committee in March 2012, this report informs the Audit Committee of the proposed revisions 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 of Corporate Governance 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 sets out 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 considered by the Corporate Governance Group on the 16th May 2013. 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 draft Code of Corporate Governance takes these issues into account.

**1.8** The document refers to the Council's controls in a number of governance areas which have arisen since the publication of the last Code, these include:

- Cheltenham Borough Local Plan 2nd Review 2006 (under review)
- Developing of the Community Right to Challenge Plan and the Community Right to Bid and provisions in relation to Neighbourhood Planning under the Localism Act 2011.
- Changes to the Standards regime, including the adoption of a Standards Committee
- Policies regarding data protection and protecting information
- Commitments to publish data including supplier transactions over £500, contracts register, pay policy statement and organisational structure.

## **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 Senior officers involved in the development of commissioning and the delivery of the requirements of the Localism Act 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 2013.

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<b>Appendices</b>	1. Report Risk Template 2. The draft Code of Corporate Governance.
<b>Background information</b>	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	16/06/2013	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 .	31/03/2014	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	16/06/2013	3	1	3	Reduce	Review and revise Code of Corporate Governance	19/06/2013	Corporate Governance, Risk and Compliance officer	No
	If the council does not have an effective	Director Resources	16/06/2013	3	1	3	Reduce	Revise assurance check lists to	01/03/2014	Corporate Governance, Risk and	No

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