

Report to Audit Committee

22nd March 2017

By the Director of Corporate Resources

INFORMATION REPORT

Not exempt



Local Code of Corporate Governance

Executive Summary

Horsham District Council is committed to achieving good corporate governance. The Local Code of Corporate Governance describes how Horsham District Council intends to achieve this in an open and explicit way. The document sets out the framework within which the Council conducts its business and affairs.

Horsham's Local Code of Governance has been developed in accordance with and is consistent with the CIPFA/SOLACE "Delivering Good Governance in Local Government Framework" (2016 Edition).

Recommendations

That the Committee is recommended:

- i) To approve the Local Code of Corporate Governance.

Reasons for Recommendations

- i) As part of good governance, it is important that the Local Code of Corporate Governance is approved by Members of the Audit Committee.

Background Papers: Revised CIPFA Guidance.

Consultation: The Senior Leadership Team, Monitoring Officer, Head of Community & Culture, Head of Finance, HR & OD Manager, and the Commissioning & Performance Manager.

Wards affected: All

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Background Information

1 Introduction and Background

- 1.1 Every council operates a governance framework. The governance framework is an interrelated system that brings together legislative requirements, governance principles and management processes. The Framework will ensure that resources are directed in accordance with agreed policy and according to priorities. It will also ensure that there is sound and inclusive decision-making, and that there is clear accountability for the use of those resources in order to achieve effective outcomes for service users and communities.

2 Relevant Council Policy

The Audit Committee is responsible for approving the Local Code of Corporate Governance and Annual Governance Statement in accordance with the Committee's terms of reference.

3 Details

3.1 Governance

Governance is about how the Council ensures that the right things are done in the right way, for the right people, in a timely, open, honest and accountable manner. This comprises the systems, processes, cultures and values by which the Council is directed and controlled, and through which they account to, engage with and where appropriate, lead the community. Good Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.

The term 'Local Code' essentially refers to the governance structure in place as there is an expectation that a formally set out local structure should exist.

3.2 The Framework

Delivering Good Governance in Local Government is based on a framework of core principles and sub-principles so that the intended outcomes are achieved while acting in the Public Interest at all times.

3.3 Core Principles of Good Governance

The core principles are detailed below, and further information is detailed in Appendix A. Principles A and B permeate the implementation of principles C to G.

- A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.
- B. Ensuring openness and comprehensive stakeholder engagement.

In addition to the overarching requirements for acting in the public interest in principles A and B, achieving good governance also requires a commitment to and effective arrangements for

- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes.
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- F. Managing risks and performance through robust internal control and strong public financial management.
- G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

3.4 **Commitment and Review**

Horsham District Council is committed to deliver good governance and Appendix A represents the Council's current arrangements. Each year we will review our performance, highlight what we have done and detail any further improvements needed for the forthcoming year. The outcome of the review will be reflected in the Annual Governance Statement.

3.5 **Responsibilities**

Elected Members are collectively responsible for the Governance of the Council. The full Council's responsibilities include:

- Agreeing the Council's Constitution, comprising the key governance documents including the executive arrangements and making changes to reflect best practice.
- Agreeing the policy framework including key strategies and agreeing the budget.
- Appointing chief officers.
- Appointing committees responsible for overview and scrutiny functions, audit and regulatory matters and also for appointing Members to them.

The Cabinet is responsible for:

- Proposing the policy framework and key strategies.
- Proposing the budget.
- Ensuring implementation of the policy framework and key strategies.

Our annual governance review will be initiated by the Director of Corporate Resources and will include discussions with the Senior Leadership Team, the Monitoring Officer and members of the Audit Committee.

The Annual Governance Statement is signed by the Leader of the Council and the Chief Executive on behalf of the Members and senior officers of the Council.

3.6 The **Local Code of Corporate Governance** is attached as Appendix A.

3.7 The Council's **Assurance Framework** is detailed in Appendix B. This document details the three lines of defence responsibilities, and supporting documentation.

4 Next Steps

- 4.1 The Committee is asked to approve the Local Code of Corporate Governance.
- 4.2 The Local Code of Corporate Governance will be used as the framework for the Annual Governance Statement.

5 Outcome of Consultations

- 5.1 Key officers have been consulted when compiling the Local Code of Corporate Governance, including the Senior Leadership Team; Monitoring Officer; Head of Community & Culture; Head of Finance; Human Resources and Organisational Development Manager; Commissioning & Performance Manager; and the Project Assurance Manager.

6 Other Courses of Action Considered but Rejected

- 6.1 None.

7 Resource Consequences

- 7.1 There are no direct staffing consequences arising from this report.

8 Legal Consequences

- 8.1 The Local Code of Corporate Governance will be used as the basis for the Annual Governance Statement. The preparation of the Annual Governance Statement is necessary to meet the statutory requirements set out in Regulation 6(1)(a) of the Accounts and Audit Regulations 2015.

9 Risk Assessment

- 9.1 There are no risks associated with this report.

10 Other Considerations

- 10.1 This report has no effect on Crime & Disorder; Human Rights; Equality & Diversity or Sustainability.