

<b>TITLE</b>	<b>Local Code of Corporate Governance</b>
<b>FOR CONSIDERATION BY</b>	Audit Committee on 29 July 2020
<b>WARD</b>	None Specific
<b>DIRECTOR</b>	Deputy Chief Executive and Director of Resources & Assets - Graham Ebers

## **OUTCOME / BENEFITS TO THE COMMUNITY**

Ensuring that the Local Code of Corporate Governance is kept up-to-date and demonstrates the Council's commitment to ensuring high quality public services. In promoting the principles of accountability and effective governance, the Council is providing stakeholders with greater awareness of its arrangements and clarity on the expected principles and behaviours to which the Council will operate.

## **RECOMMENDATION**

The Audit Committee is asked:-

- 1) To review and comment on the revised Local Code of Corporate Governance (Appendix A); and
- 2) To recommend to Council the revised Local Code of Corporate Governance.

## **SUMMARY OF REPORT**

In accordance with the Council's Constitution, the Audit Committee is responsible for considering the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.

The current Local Code of Corporate Governance has been in place since its adoption by the Audit Committee in June 2016. Since that date, the Council's governance arrangements have evolved further including the publication earlier this year of the Community Vision and Corporate Delivery Plan.

Wokingham Borough Council's Local Code is consistent with the principles of the CIPFA/SOLACE Framework which sets on best practice for local government corporate governance. The principles and sub-principles expressed in the Framework have been considered, and all continue to be relevant.

The major change to the Local Code is the inclusion of evidence sources which helps to highlight the various systems, policies and processes that demonstrate how the Council complies with and fulfils the requirements of its Code.

The revised Code has been updated in the format suggested following a review of good practice from other local authorities. This provides clarity for Members, Officers and stakeholders about how the organisation uses the principles of the Code in practice.

Following Audit Committee's review and approval, the suggested approval route will be to recommend the revised Code to Council via the Constitution Review Working Group. Council would receive the recommended Code at its meeting in September. This process would also be supplemented by online training. Following this process would help in raising awareness of the Code amongst Officers and Members.

## **Background**

### **Local Government Corporate Governance**

- 1.1 Good governance is about ensuring that the Council does the right things, in the right way, in a timely, open, and accountable manner. It must therefore include the systems, processes, cultures and values by which services are directed and controlled, and by which we are accountable to, and engage with, our stakeholders and communities.
- 1.2 The Chartered Institute of Public Finance & Accountancy (CIPFA) and the Society of Local Authority of Chief Executives (SOLACE) have provided best practice guidance on establishing a Local Code of Corporate Governance. This was originally published in 2001 and most recently updated in 2016: Delivering Good Governance in Local Government – Framework.
- 1.3 Wokingham Borough Council has previously approved and adopted a Local Code of Corporate Governance. The Code has subsequently been reviewed and updated to reflect best practice and organisational changes, most recently in June 2016.
- 1.4 Wokingham Borough Council's Code is consistent with the principles of the CIPFA/SOLACE Framework.
- 1.5 The CIPFA/SOLACE guidance defines the seven core principles (A – G), each supported by sub-principles that should underpin the governance framework of a local authority:-
  - A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
  - B. Ensuring openness and comprehensive stakeholder engagement
  - 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 risk and performance through robust internal control and strong public financial management
  - G. Implementing good practices in transparency, reporting and audit to deliver effective accountability
- 1.6 The Code articulates the expected standards, principles and values by which Wokingham Borough Council Officers and Members will operate. There should be clear links between the principles of the Code, and the governance framework

of strategies, policies and procedures that underpin the Code; one outcome of revising the Code has been to clarify these links.

## Analysis of Issues

- 2.1 The current Code that is published on the Council's website has been reviewed at the start of the 2019-20 Annual Governance Statement (AGS) process, to ensure that it remains fit for purpose.
- 2.2 The Code has been assessed to reflect the position of the Council particularly in the light of the new Community Vision and Corporate Delivery Plan.
- 2.3 The principles and sub-principles expressed in the Code have been considered, and all continue to be relevant.
- 2.4 The major change to the Code is the inclusion of evidence sources. Failing to capture all relevant evidence sources may undermine the quality of the AGS process and increase the risk of significant governance issues emerging outside of the AGS process.
- 2.5 Including the evidence sources highlights the various systems, policies and processes which demonstrate how the Council complies with and fulfils the requirements of its Code. It also provides assurance that these are as comprehensive and wide ranging as possible, therefore enhancing the quality of the AGS process.
- 2.6 The revised Code has been updated in the format suggested following a review of good practice from other local authorities. This provides clarity for Members, Officers and stakeholders about how the organisation uses the principles of the Code in practice.
- 2.7 The updated Code is presented to the July 2020 Audit Committee for consideration. The suggested approval process would be for Audit Committee to receive, review and recommend the revised Code to Council via the Constitution Review Working Group. Council would receive the recommended Code at its meeting in September. This process would also be supplemented by online training. Following this process would help in raising awareness of the Code amongst Officers and Members.

## FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

***The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.***

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	£0	Yes	Revenue

Next Financial Year (Year 2)	£0	Yes	Revenue
Following Financial Year (Year 3)	£0	Yes	Revenue

<b>Other financial information relevant to the Recommendation/Decision</b>
Good governance leads to good management, good performance and good stewardship of public money, good public engagement and ultimately good outcomes for residents and service users. However, there are costs associated with embedding and continuing good governance practices, and as the Council's organisational structures develop, the costs associated with governance need to be monitored to ensure they remain proportionate.

<b>Cross-Council Implications</b>
Achieving good governance affects all aspects of the Council's services.

<b>Reasons for considering the report in Part 2</b>
Not applicable

<b>List of Background Papers</b>
CIPFA/SOLACE Delivering Good Governance in Local Government – Framework 2016

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