

TITLE	Update of Local Code of Corporate Governance
FOR CONSIDERATION BY	Council on 20 July 2023
WARD	None Specific
LEAD OFFICER	Deputy Chief Executive - Graham Ebers

OUTCOME / BENEFITS TO THE COMMUNITY

Assurance to residents and other stakeholders on the Council's governance arrangements.

RECOMMENDATION

To approve the Local Code of Corporate Governance as recommended by the Audit Committee at its meeting of 7 June 2023.

SUMMARY OF REPORT

The Local Code of Corporate Governance ("The Local Code") forms part of the Council's Constitution (appendix to Section 9) and was last updated by Council at its meeting on 19 November 2020.

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and that risks are appropriately managed. The Council's governance framework is based on the seven principles of good governance as set out by the Chartered Institute of Public Finance & Accountancy (CIPFA) and the Society of Local Authority of Chief Executives (SOLACE) in their joint publication: *Delivering Good Governance in Local Government – Framework (2016)*. These principles are: -

- 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 Council'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, and
- g. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

The Local Code describes how the Council meets the requirements of each principle.

It is good practice to review the Local Code regularly and reaffirm Council's commitment to the highest standards of governance. At its meeting of 7 June 2023, the Audit Committee undertook a review of the Local Code scrutinising the assessment that had

concluded generally good levels of compliance against the principles as well as some minor improvements in clarifying roles and responsibilities.

Background

1. Good governance provides a framework to enable an authority to deliver outcomes for its residents and stakeholders, underpinned by appropriate controls and the management of risk. The overall aim is to ensure that resources are directed in accordance with agreed policy and according to priorities, with sound and inclusive decision-making and clear accountability for the use of resources.
2. In order to achieve effective corporate governance, the Council has adopted a local code of corporate governance which reflects guidance contained in the CIPFA / SOLACE Framework Delivering Good Governance in Local Government.
3. The Local Code, which is set out in the Council's constitution, is built around seven underlying principles of good governance, and demonstrates how the Council's internal processes and governance framework support the delivery of those principles.
4. There is a strong link between governance and financial management, with a focus on sustainability, as the Council needs to recognise its responsibilities not just to its existing stakeholders but to understand the impact of current decisions and actions on future generations.

Analysis of Issues

5. There have been several high-profile governance failings in the sector, and it is more important than ever to demonstrate to the Council's stakeholders that it takes governance seriously. The Local Code sets out the Council's governance framework and enables all stakeholders to assess how the Council is delivering effective governance.
6. The Local Code demonstrates how the Council embeds the core principles of good governance.
 - 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 Council'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, and
 - g. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.
7. Officers have reviewed the Local Code together with Audit Committee to ensure that it reflects best practice and continues to reflect the highest standards of

governance. The main change in this update is to set out the key roles and responsibilities in the Council’s governance arrangements and to introduce the concept of assurance mechanisms. An assurance mechanism is the means by which stakeholders can assess whether the supporting principle has been met. For example, the Standards Committee Annual Report provides information on the ethical behaviour of Councillors.

8. In reviewing the Local Code, officers have updated the section ‘how the Council demonstrates the principles’ to reflect changes since the last update.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces unprecedented financial pressures as a result of; the longer term impact of the COVID-19 crisis, Brexit, the war in Ukraine and the general economic climate of rising prices and the increasing cost of debt. It is therefore imperative that Council resources are optimised and are focused on the vulnerable and on its highest priorities.

	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

Other financial information relevant to the Recommendation/Decision
None

Cross-Council Implications
All Members and Officers are part of the overall systems of governance in the Council.

Public Sector Equality Duty
There are no specific equality implications of this report, other than acknowledgement of the importance of equality matters and how they are addressed as part of the local code of governance, which in turn is reviewed via the Annual Governance Statement.

Climate Emergency – <i>This Council has declared a climate emergency and is committed to playing as full a role as possible – leading by example as well as by exhortation – in achieving a carbon neutral Wokingham Borough by 2030</i>
While there are no specific climate emergency implications contained within this report, the delivery of sustainable outcomes lies at the core of the Council’s vision and the Annual Governance Statement has a key role in ensuring that key priorities and outcomes are delivered, by reviewing the framework for decision-making and resource allocation.

Reasons for considering the report in Part 2
Not applicable

List of Background Papers
Annual Governance Statement 2022/23 Local Code of Corporate Governance

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