

CONSTITUTION COMMITTEE

Date of Meeting	1 February 2017
Report Subject	Annual Review of the Code of Corporate Governance
Portfolio Holder	Leader of the Council
Report Author	Chief Executive

EXECUTIVE SUMMARY

The Code of Corporate Governance forms part of the Constitution. It is reviewed and updated annually to ensure it is up to date and complies with all relevant legislation and other requirements.

The revised Code has been endorsed by the Audit Committee on 25 January 2017.

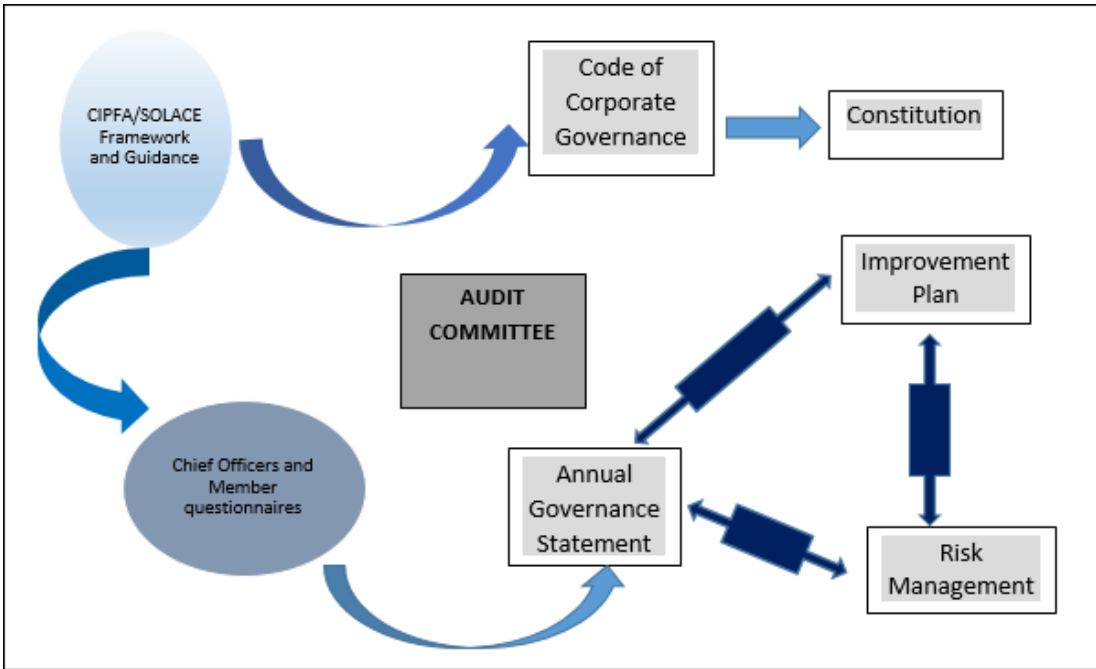
The Code of Corporate Governance forms part of the Council's Constitution and is presented for endorsement and inclusion within the Constitution.

RECOMMENDATIONS

1.	The Committee to endorse the updated Code of Corporate Governance for adoption as part of the Council's Constitution.
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REPORT DETAILS

1.00	EXPLAINING THE REVIEW OF THE CODE OF CORPORATE GOVERNANCE
1.01	<p>The Corporate Governance Working Group (CGWG) has two main roles:- the annual review of the Code of Corporate Governance; and the preparation of the Annual Governance Statement (AGS).</p> <p>Under both roles the Group prepares the draft documentation for consideration by the Chief Executive, Monitoring Officer and Section 151 Officer prior to consideration by the Audit Committee. The membership of this officer working group is shown in Appendix 1.</p>

1.02	<p>The Council's Code of Corporate Governance forms part of the Constitution and applies to all parts of the Council's business. Members and employees of the Council in carrying out its business must conduct themselves in accordance with the high standards expected.</p> <p>The Code draws from work and guidance by the Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives (SOLACE) and their joint document entitled 'Delivering Good Governance in Local Government: Guidance Notes for Welsh Authorities 2016'.</p>
1.03	<p>The relationship between the CIPFA /SOLACE guidance, the Code of Corporate Governance, the Annual Governance Statement, Improvement Plan and the Audit Committee's responsibilities for these and risk management, is shown in the diagram below.</p>  <p>The diagram illustrates the following relationships:</p> <ul style="list-style-type: none"> CIPFA/SOLACE Framework and Guidance (blue oval) influences the Code of Corporate Governance (grey box) and Chief Officers and Member questionnaires (blue oval). Code of Corporate Governance leads to the Constitution (white box). Chief Officers and Member questionnaires influence the Annual Governance Statement (white box). The AUDIT COMMITTEE (grey box) is centrally located and oversees the Annual Governance Statement. The Annual Governance Statement leads to the Improvement Plan (white box) and Risk Management (white box). There is a bidirectional relationship between the Improvement Plan and Risk Management.
1.04	<p>The CIPFA/SOLACE Guidance note for Welsh Authorities was received in December having been revised to take account of Welsh legislation and Wales only policies in particular the Well-being of Future Generations (Wales) Act 2015.</p> <p>The CIPFA/SOLACE Framework is intended to assist authorities in ensuring that:</p> <ul style="list-style-type: none"> resources are directed in accordance with agreed policy and according to priorities; there is sound and inclusive decision making; and there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities. <p>The newly outlined principles and sub-principles of the Framework are significantly different from the previous ones. As a result the Code of Corporate Governance this year looks different to previous versions. The format has been simplified and modernised with an increased use of hyperlinks.</p>

	<p>The updating and formatting review of the code was initially carried out by the Corporate Governance Working Group followed by consultation with the Chief Executive, Monitoring Officer and Section 151 Officer.</p> <p>The revised code can be seen at Appendix 2.</p>
1.05	<p>The principles for this year's code (taken from the Framework) are as follows:</p> <p>A – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the law</p> <p>B - Ensuring openness and comprehensive stakeholder engagement</p> <p>C – Defining outcomes in terms of sustainable economic, social and environmental benefits</p> <p>D – Determining the interventions necessary to optimise the achievement of the intended outcomes</p> <p>E – Developing the entity's capacity, including the capability of its leadership and the individuals within it</p> <p>F - Managing risks and performance through robust internal control and strong public financial management</p> <p>G - Implementing good practices in transparency, reporting and audit to deliver effective accountability.</p> <p>The main changes for this year are in relation to principles C, D and G which have been expanded upon and made more explicit taking into account national legislation.</p>
1.06	<p>The revised Code has been considered and fully endorsed by the Audit Committee at their recent meeting on 25 January.</p>
1.07	<p>The revised principles of the Code have been used in questionnaires to Chief Officers and Overview and Scrutiny Committee chairs to help inform the preparation of the Annual Governance Statement.</p>

2.0	RESOURCE IMPLICATIONS
2.01	None as a direct result of this report.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	<p>With the Corporate Governance Working Group, Chief Executive, Monitoring Officer, section 151 Officer and senior officers where appropriate.</p> <p>The Audit Committee were involved in endorsing the Code at their recent January meeting.</p>

4.00	RISK MANAGEMENT
4.01	<p>The main risk is in not updating the Code, meaning it does not reflect the systems in place or meet the requirements.</p> <p>Similarly, in order to comply with requirements, the AGS needs to be prepared each year with input from members and officers, including an annual review of the effectiveness of governance.</p> <p>Both these risks are addressed through the adopted processes and approach each year, which reflect new or additional best practice and guidance.</p>

5.00	APPENDICES
5.01	<p>Appendix 1: Compilation of Officer Working Group</p> <p>Appendix 2: Code of Corporate Governance</p>

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>Contact Officer: Karen Armstrong, Corporate Business and Communications Executive Officer Telephone: 01352 702740 E-mail: karen.armstrong@flintshire.gov.uk</p>

7.00	GLOSSARY OF TERMS
7.01	<p>(1) Corporate Governance: the system by which local authorities direct and control their functions and relate to their communities. It is founded on the basic principles of openness and inclusivity, integrity and accountability together with the overarching concept of leadership. It is an inter-related system that brings together the underlying set of legislative requirements, governance principles and management processes.</p>