



Report to: Audit and Governance Committee, 20th March 2019

Report of: Deputy Director - Governance and Monitoring Officer

Subject: LOCAL CODE OF CORPORATE GOVERNANCE AND ACTION PLAN

1. Recommendation

That the Committee:

- 1.1 notes the update on progress to review the Local Code of Corporate Governance; and**
- 1.2 endorses the proposals to introduce a Corporate Governance Action Plan with a proposed Plan for year 2019/2020 to be brought to the next meeting of the Committee for approval.**

2. Background

- 2.1 In common with most local authorities, the Council has adopted a Local Code of Corporate Governance which follows CIPFA best practice and guidance and is essentially based on the Nolan principles. The purpose of the Code is to give direction and clarity for the Council and all of its customers and stakeholders as to how corporate governance is put into practical effect. The Council first adopted a Code in 2013 and it has been subsequently reviewed by the Audit and Governance Committee on several occasions.
- 2.2 The Code is based on a previous iteration of CIPFA guidance (2007). A comprehensive new guidance document called "Delivering Good Governance" was issued by CIPFA in 2017. Drawing on the Nolan principles and refreshing various aspects of the previous guidance, CIPFA adopted 7 new Corporate Governance Principles as follows:
 - 1) behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;
 - 2) ensuring openness and comprehensive stakeholder engagement;
 - 3) defining outcomes in terms of sustainable economic, social, and environmental benefits;
 - 4) determining the interventions necessary to optimise the achievement of the intended outcomes;

- 5) developing the entity's capacity, including the capability of its leadership and the individuals within it;
- 6) managing risks and performance through robust internal control and strong public financial management; and
- 7) implementing good practices in transparency, reporting, and audit to deliver effective accountability.

2.3 When the Council's last Annual Governance Statement was presented to the Audit and Governance Committee on 26 July 2018, it was noted that a review of the Code was due in order to bring it in line with the new CIPFA guidance and also to reflect the transition to the committee model of governance.

2.4 The CIPFA guidance also notes the best practice of those local authorities who convert the periodic reviews of their Local Codes into a series of actions where areas of specific improvement have been identified. A Corporate Governance Action Plan is a mechanism by which the Council can capture, target and progress specific areas for improvement in its general corporate governance compliance against the 7 principles. A template is attached at **Appendix 1**.

2.5 The Action Plan would be approved by the Audit and Governance Committee as a rolling 12 month programme of planning activities and improvements, with performance reported back at each Committee meeting. The officer group responsible for its day to day oversight would be the Corporate Governance Board which reports into Corporate Leadership Team, with the overall lead officer being the Deputy Director Governance and Monitoring Officer.

2.6 The actions are intended to be specific and measurable; they may not always involve a root and branch review of whole area of Council business process or general policy. Similarly, it is important that the Action Plan does not cut across the work of the Council's internal and external audit functions; it should be complementary and help to deliver specific improvements identified in audits. Examples of areas of activity, improvement or further enquiry which are typically found on a Corporate Governance Action Plan include:

- (i) Specific employee related policies and procedures or training needs
- (ii) Specific Member related policies and procedures or training needs
- (iii) Process for writing and authorising decision reports
- (iv) Procurement strategy
- (v) Project management processes
- (vi) Information governance policies and processes
- (vii) Risk management awareness
- (viii) Specific statutory compliance, e.g. health and safety, GDPR, public sector equality duty, safeguarding, Prevent.

3. Preferred Option

- 3.1 It is proposed to adopt a revised Code based on the revised CIPFA principles, as well as an Action Plan derived from a review of the Code on an annual basis. The accessibility of the documents will be reviewed as well as their content to ensure that they are likely to earn a reputation within the Council as useful reference materials. For example, a tabular, easy-read format and use of hyperlinks to the Council's key policies and processes would make the document more dynamic.
- 3.2 It is proposed that the Corporate Governance Board produces the revised Code and a first year Action Plan for the Committee to consider at its next meeting in July.

4. Alternative Options considered

- 4.1 The existing Code is legally compliant and has served the Council since 2013. It could therefore remain in effect. However this is not the recommended option because while the substance of the Code is still relevant, it does not align with the revised CIPFA Corporate Governance principles. Additionally it is considered that the presentation of the document could be improved to encourage better navigation.

5. Implications

5.1 Financial and Budgetary Implications

None arising from this report.

5.2 Legal and Governance Implications

Identified earlier in this report.

5.3 Risk Implications

None arising from this report.

5.4 Corporate/Policy Implications

The revised Code will form part of the Council's policy framework. It is proposed that an appendix to the Code will draw together all of the key corporate governance policies into one reference point.

5.5 Equality Implications

None arising from this report.

5.6 Human Resources Implications

None arising from this report.

5.7 Health and Safety Implications

None arising from this report.

5.8 Social, Environmental and Economic Implications

None arising from this report.

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Background Papers:	None

APPENDIX 1 - TEMPLATE CORPORATE GOVERNANCE ACTION PLAN

Corporate Governance Action Plan Year []

The review of the Council's Local Code of Corporate Governance identified the following issues where improvement work is ongoing. These improvement actions will be monitored by the Corporate Governance Board and reported to the Audit and Governance Committee.

Area of consideration	Action	Owner	Deadline	Priority
Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law				
Ensuring openness and comprehensive stakeholder engagement				
Defining outcomes in terms of sustainable economic, social and environmental benefits				
Determining the interventions necessary to optimise the achievement of the intended outcomes				
Developing the Council's capacity, including the capability of its leadership and the individuals within it				

Managing risks and performance through robust internal control and strong public financial management				
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Implementing good practices in transparency, reporting and audit to deliver effective accountability				
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