

## Rother District Council

<b>Report to:</b>	Audit and Standards Committee
<b>Date:</b>	26 July 2023
<b>Title:</b>	Local Code of Corporate Governance and Annual Governance Statement (AGS)
<b>Report of:</b>	Deputy Chief Executive (Interim)
<b>Purpose of Report:</b>	To consider and agree the Local Code of Corporate Governance, and the Annual Governance Statement (AGS), including reviewing the main governance issues affecting the Council during 2022/23.

### Officer

**Recommendation(s):** It be **RESOLVED**: That:

- 1) the Local Code of Corporate Governance and improvement actions be approved;
- 2) the Annual Governance Statement be approved; and
- 3) the Statement be signed by the Leader of the Council and the Chief Executive.

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### Introduction

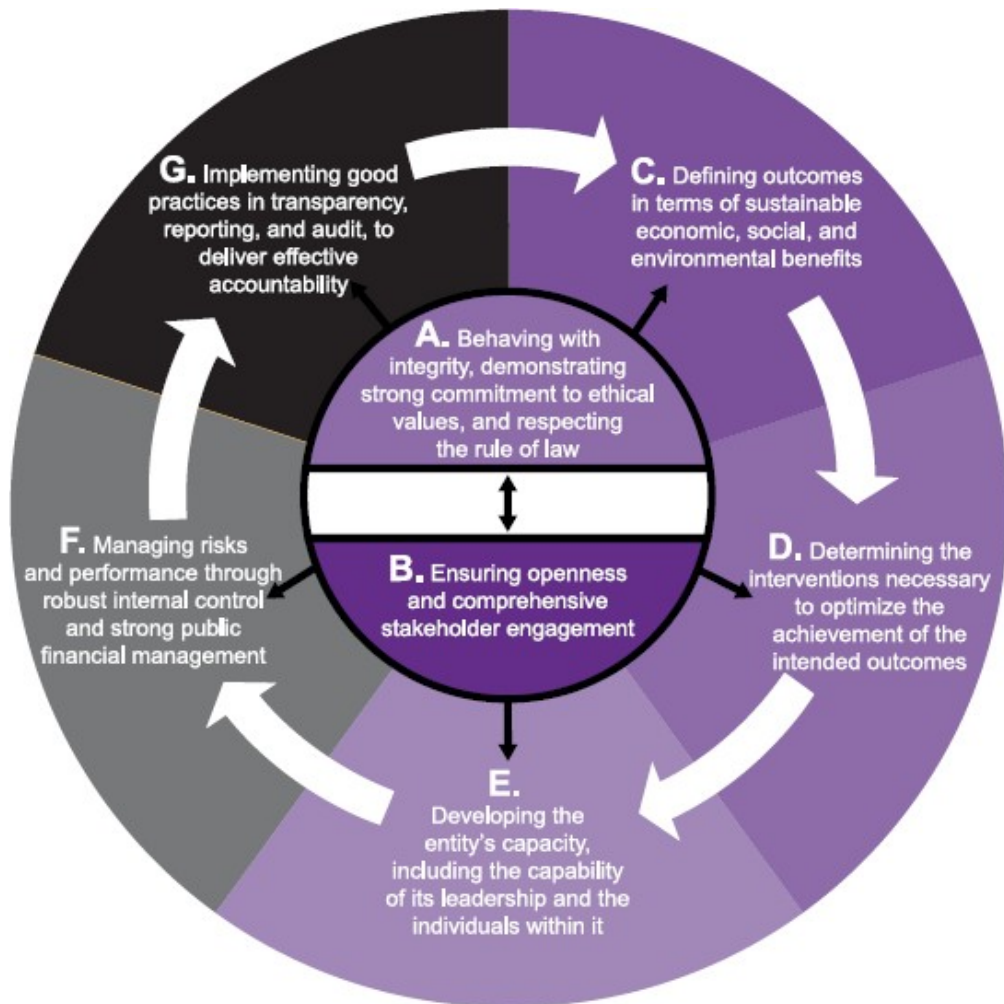
1. Governance comprises of the systems, processes, cultures and values by which local government bodies are directed and controlled. Through these four elements, they are held accountable by and engage with their communities.
2. Good governance ensures that an organisation is doing the right things, in the right way, for the right people, and in a timely, open and accountable manner. There is a strong correlation between effective governance and effective service delivery, so in order to deliver the Council's ambitions strong governance arrangements are essential.
3. The Corporate Governance framework is made up of the systems and processes, culture and values by which an organisation is directed and controlled. For local authorities this includes how a Council relates to the community it serves.
4. The Local Code of Corporate Governance is a public statement of the ways in which the Council will achieve good corporate governance. This is based on the development of the '*Delivering Good Governance in Local Government: Framework*' (2016) produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) and focuses on the seven core principles and sub- principles of good governance.
5. The Annual Governance Statement (AGS) is prepared following a review of

all the evidence available to the Council in seeking compliance with its Local Code.

6. Attached to this report are two documents for consideration by the Audit and Standards Committee (A&SC). These are;
  - The Local Code of Corporate Governance (Appendix A)
  - The Annual Governance Statement (AGS) (Appendix B)
7. Although the Council has previously adopted the Local Code of Corporate Governance, the full compliance assessment as contained within Appendix A has never been undertaken. It is therefore recommended that the Committee acknowledge the assessment and recommended improvement actions contained within it to further support, strengthen and develop the governance framework, local accountability and transparency.

### **The Local Code of Corporate Governance**

8. The Local Code of Corporate Governance (the Local Code) is a public statement of how the Council seeks to achieve good corporate governance. It is best practice for each authority to adopt a Local Code of Corporate Governance, which demonstrates how the Council will achieve good governance.
9. The 2016/17 financial year saw the introduction of the Local Code and was based on the development of the new '*Delivering Good Governance in Local Government: Framework*' (CIPFA/Solace, 2016) ('the Framework'). The Local Code is included as part of this report for comment and consideration.
10. The main principle underpinning the emergence of the Framework continues to be that local government is developing and shaping its own approach to governance, taking account of the environment in which it now operates. The Framework is intended to assist authorities individually in reviewing and accounting for their own unique approach.
11. The overall aim is to ensure that resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision-making and that there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.
12. The Framework follows the seven core principles and sub-principles of good governance, as identified by CIPFA/SOLACE, as shown overleaf with principles A and B permeating the implementation of principles C to G. The diagram also illustrates that good governance is dynamic, and that an entity should be committed to improving governance on a continuing basis through a process of evaluation and review. The updated Local Code can be found within Appendix A.



13. There are some key requirements that need to be met to demonstrate compliance with the core principles and these are listed along with 'evidences' and source documents. These evidences must be reviewed regularly to ensure that they are up to date and remain sufficiently current. Any gaps in compliance are identified and form an action plan, which then needs to be monitored throughout the year.

### Annual Governance Statement (AGS)

14. Also attached is the draft AGS for 2022/23 (Appendix B) which should be read and considered in conjunction with Appendix A (the Local Code). This statement provides assurances as to the in-year operation of the risk and governance arrangements adopted by the Council. It is prepared after reviewing all the evidences available to the A&SC, the Council's Senior Leadership Team, Corporate Management Team, Audit Manager, external audit and the statutory officers of the Council.
15. The AGS sets out how the Council ensures that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for and used economically, effectively and efficiently in the delivery of its services.
16. It is recommended that the Council acknowledge the Local Code of Corporate Governance assessment as contained within Appendix A, which supports this AGS. The Local Code is compliant with the recommendations of the

CIPFA/SOLACE 'Delivering Good Governance in Local Government: Framework' as updated for 2016.

17. In line with CIPFA best practice, the review process has been expanded to include asking managers to consider and comment on any significant issues which have been caused as a result of the ongoing recovery from the COVID-19 pandemic, or if the impact has identified any areas of weakness in governance.
18. The AGS is signed by the Leader of the Council and the Chief Executive. The A&SC are asked to consider and approve the draft report as attached.

### Review of Effectiveness

19. The Council is committed to a sound system of Governance that reflects:
  - openness, accountability and integrity
  - compliance with laws, policies and regulations
  - the identification and monitoring of all strategic and operational risks
20. The key document for the Council is the [Corporate Plan](#). The risks to its achievement are outlined in the comprehensive risk registers maintained by the Authority.
21. The review of the Governance arrangements is undertaken through several mechanisms, including the report from the Audit Manager and the Heads of Service/Director annual assurance statements as well as the various inspection regimes undertaken by the External Auditors, which feed into and support the overall review.

### Conclusion

22. The arrangements set out within the updated Local Code of Corporate Governance and the AGS will allow the Council to move forward with its corporate planning processes and remain confident that it can address the issues of governance and risk.
23. Adoption of the Local Code will demonstrate the Council's compliance with best practice.

Other Implications	Applies?	Other Implications	Applies?
Human Rights	No	Equalities and Diversity	No
Crime and Disorder	No	External Consultation	No
Environmental	No	Access to Information	No
Risk Management	No	Exempt from publication	No

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Appendices:	A – Local Code of Corporate Governance B - Annual Governance Statement
Relevant Previous Minutes:	N/A
Background Papers:	N/A

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Reference Documents:	N/A
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