

REPORT TO:	Audit Committee
REPORT NO:	HF/70/17
DATE:	27 July 2017
LEAD OFFICER:	Head of Finance
CONTACT OFFICER:	David Stewart (Tel: 292738)
SUBJECT:	Council's Governance Code 2017-2022
WARD:	N/A

1. PURPOSE OF THE REPORT

To inform the Audit Committee of the proposed replacement of the Council's Code of Corporate Governance.

2. EXECUTIVE SUMMARY

- 2.1 The proposed Code of Corporate Governance ('the Code') is intended to replace the current Code which was adopted in 2013 and which expires in 2017. The proposed replacement Code is attached at Appendix 1.
- 2.2 The Code is based on good practice guidance: 'Delivering Good Governance in Local Government Framework, 2016', which is issued jointly by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE).
- 2.3 The Audit Committee are asked to comment on the Code prior to it being submitted to the Executive Board for approval in September 2017. If approved, the Code will subsequently be included in the Council's Constitution.

3 RECOMMENDATIONS

- 3.1 **That the Audit Committee provide any comments that could enhance the proposed Code of Corporate Governance and that they recommend its approval to the Executive Board.**

REASON FOR RECOMMENDATION

To enable the Council to continue to have in place a defined commitment to good corporate governance which is in accordance with best practice guidance to all UK local authorities..

4. BACKGROUND INFORMATION

- 4.1 Corporate Governance refers to the processes by which the Council is directed, controlled, led and held to account. As well as policies, strategies and processes, it is, most importantly, also about culture and values - the way that councillors and employees think and act. To summarise, if management is about running the Council, Corporate Governance is about seeing that it is run properly.
- 4.2 The Council is a complex organisation which affects all who live and work in Wrexham and businesses and organisations that are based here. It is therefore essential that all of the Council's stakeholders can have confidence in the s Corporate Governance arrangements.
- 4.3 The CIPFA/SOLACE guidance to all UK local authorities, 'Delivering Good Governance in Local Government Framework, 2016', centres on seven core principles taken from the International Framework: Good Governance in the Public Sector (2014). These 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 entity'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
 - G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.
- 4.4 The guidance specifically recommends that each authority should maintain a local code of corporate governance which demonstrates that its governance structures comply with these Core Principles.
- 4.5 The purpose of the attached Code is therefore to enable the Council to (a) specifically state the importance it attaches to good corporate governance and (b) to demonstrate its commitment to the above Core Principles and the means of ensuring that they are met.
- 4.6 It also sets out how the above Core Principles underpin and relate to the Council's responsibilities for sustainable development, as set out in the Well-being of Future Generations (Wales) Act 2015 and other key acts, and also the planning principles that the Council has defined to help it plan and enable the most fair, effective and sustainable services that it can, within available resources. These responsibilities and planning principles are set out in more detail in the Council Plan 2017-22.

- 4.7 The Code sets out a specific commitment to each of the above Core Principles and their related sub-principles as set out in the guidance but tailors the wording to the Council's context. It also details the policies, strategies and processes that are in place to support these commitments. These are collectively referred to as the 'Governance Framework' and summarised in a diagram in Appendix A of the Code.
- 4.8 Rather than being viewed merely as a diverse set of regulatory documents and processes, the Code shows the contribution to good corporate governance of all of the elements of the 'Governance Framework'.
- 4.9 The Code is of particular benefit to the Audit Committee by enabling the context and importance of any Internal / External opinions these elements to be better appreciated.
- 4.10 It is important the all members and officers are aware of the Code so that it can permeate through to all of the Council's activities and so effectively underpins the Council Plan.
- 4.11 Section 4 of the proposed Code sets out how the effectiveness of the Code is to be reviewed. This is through the review that is undertaken to inform the Annual Governance Statement (AGS), the production of which is a statutory requirement. The Audit Committee is asked to approve the AGS at the end of each financial year.
- 4.12 Any weaknesses or significant non-compliance issues highlighted by the AGS review are monitored during the year through the AGS action plan to ensure that they are addressed effectively. Progress on this is reported to the Audit Committee.
- 4.13 The Code is due for renewal no later than 2022, in line with the Council Plan. Any minor amendments that are necessary before then, such as the titles of documents, will be approved by the Head of Finance but any substantive changes, such as to the principles or commitments, will require Executive Board approval.

5. IMPLICATIONS

- 5.1 **Policy Framework** – This supports the Council Plan Objective 02 'Supporting a resilient Council by commitment to a defined code of corporate governance
- 5.2 **Budget** – there are no budget implications resulting from this report.
- 5.3 **Legal** – there are no legal issues resulting from this report.
- 5.4 **Staffing** – there are no staffing implications resulting from this report.
- 5.5 **Equality/Human Rights** – Members are advised to consider the full Equality Impact Assessments which are available at <http://vmwinsqld/equalityisalive/Menu.aspx> report numbers FIN/EIA00095/2016. Members of the public can request a copy of the full Equality Impact Assessment from the Contact Officer named in the header box of this report. A summary of the Equality Impact Assessment is attached as Appendix 2.
- 5.6 **Risks** – any risks that emanate from the Code of Corporate Governance are contained in either in the Principal Risk Register or in departments' risk and control registers.

BACKGROUND PAPERS	LOCATION	WEBSITE INFO.
'Delivering Good Governance in Local Government Framework, 2016', issued jointly by CIPFA/ SOLACE.	Head of Finance	N/A