

## LOCAL CODE OF CORPORATE GOVERNANCE AND ANNUAL GOVERNANCE STATEMENT 2019/20

**Summary:** 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. 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 new '*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 focusses on the seven core principles and sub-principles of good governance. The Annual Governance Statement is prepared following a review of all the evidence available to the Council in seeking compliance with its Local Code. For this year both of these documents have been considered in light of the ongoing Covid-19 pandemic.

**Conclusions:** The arrangements set out in the Local Code of Corporate Governance and the Annual Governance Statement will allow the Council to move ahead with its corporate planning processes confident that it can address the issues of governance and risk.

**Recommendations:** Members are asked to review and approve the Annual Governance Statement along with the updated Local Code of Corporate Governance.

Cabinet Member(s)      Ward(s) affected

All      All

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## **1. Introduction**

1.1 Attached to this report are two documents for consideration by the Governance, Risk and Audit Committee. These are;

- The Annual Governance Statement
- The Local Code of Corporate Governance (Appendix A)

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

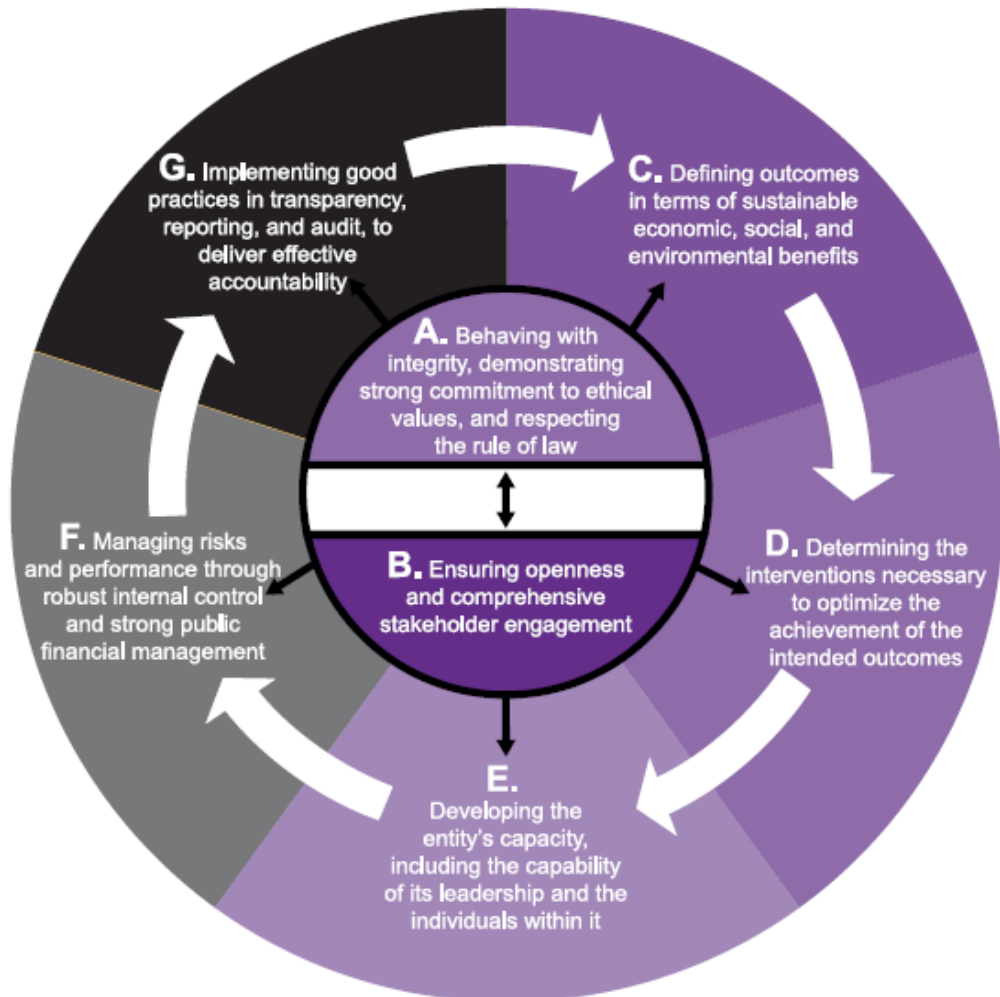
2.1 The Local Code of Corporate Governance (the Local Code) is a public statement of how the Council seeks to achieve good corporate governance. It is best practice for each authority to adopt a Local Code of Corporate Governance which demonstrates how the Council will achieve good governance.

2.2 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').

2.3 The Local Code has been updated for the 2019/20 financial year and an updated draft is included as part of this report for comment and consideration.

2.4 The main principle underpinning the emergence of the new 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. 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.

- 2.5 The Framework follows the seven core principles and sub-principles of good governance as identified by CIPFA/SOLACE as shown below 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 as a whole 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.



- 2.6 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 that 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 is monitored throughout the year.

### 3. Annual Governance Statement

- 3.1 Also attached is the draft Annual Governance Statement (AGS) for 2019/20 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 of the evidences available to the Governance, Risk and Audit Committee, the Council's Strategic Leadership Team, Head of Internal Audit, external audit and the statutory officers of the Council.

- 3.2 The Annual Governance Statement (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.
- 3.3 North Norfolk District Council has adopted its own Local Code of Corporate Governance 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.
- 3.4 This year both the Local Code and the AGS have been considered in light on the ongoing Covid-19 pandemic. In line with CIPFA best practice the review process this year has been expanded to include asking managers to consider and comment on any significant issues which have been caused by the COVID-19 pandemic or of the impact has identified any areas of weakness in governance.
- 3.5 There has been a significant increase in Delegated Decisions as a result of the crisis, particularly though the Gold reporting group as would be expected during a crisis situation, however there is a standing report on the Cabinet agenda to report on these instances. It will be important to move this decision making back to the traditional channels as part of the recovery process as soon as feasible to regularise the processes again. A COVID specific risk register has been developed and shared with Members and SLT and it is also included on the Corporate Risk Register.
- 3.6 The AGS is signed by the Leader of the Council and the Chief Executive. The Governance, Risk and Audit Committee are asked to consider and approve the draft report as attached.

#### **4. Review of Effectiveness**

- 4.1 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
- 4.2 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.
- 4.3 The review of the Governance arrangements is undertaken through a number of mechanisms including the report from the Head of Internal Audit and the Heads of Service annual assurance certificates as well as the various inspection regimes undertaken by the External Auditors, all of which feed into and support the overall review.
- 4.4 The Chartered Institute of Public Finance and Accountancy (CIPFA) have developed a new Code of Practice for local authorities focussing on embedding good practice in Financial Management. This new document is a principles based Code which is designed to help Councils show they are

financially sustainable. Early adoption of the Code is encouraged, but all Councils will be expected to be able to demonstrate they are working towards full implementation of the Code by the start of the 2021/22 financial year. This means that detailed plans for implementation must be in place by 31st March 2021, with implementation occurring before 31st March 2022 and the completion of an implementation plan is included within the recommendations of the AGS.

## **5. Conclusion**

- 5.1 The arrangements set out within the updated Local Code of Corporate Governance and the Annual Governance Statement 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.

## **6. Recommendations**

- 6.1 Members are asked to review and approve the Annual Governance Statement along with the updated Local Code of Corporate Governance.