

## For publication

### **Review of the Code of Corporate Governance and the Annual Governance Statement 2023/24**

<b>Meeting:</b>	Cabinet Standards and Audit Committee
<b>Date:</b>	16th April 2024 17th April 2024
<b>Cabinet portfolio:</b>	Cabinet Member for Governance
<b>Directorate:</b>	Finance

#### **1.0 Purpose of the report**

- 1.1 To Review compliance with the Code of Corporate Governance requirements during the year 2023/24 and to present the Annual Governance Statement.

#### **2.0 Recommendations**

- 2.1 That the Cabinet consider the following documents and refer any comments to the Standards and Audit Committee:
- a) the Annual Review of the Local Code of Corporate Governance for 2023/24 (Appendix 1)
  - b) the Annual Governance Statement 2023/24 (Appendix 2).
- 2.2 That the Standards and Audit Committee:
- a) consider the documents listed in 2.1 above, together with any comments from Cabinet
  - b) subject to any amendments that they consider appropriate, approve the Annual Governance Statement and
  - c) recommend that the Annual Governance Statement be signed by the Leader and Chief Executive.
- 2.3 That a review of the Code of Corporate Governance be undertaken in 12 months' time.  
That progress on the significant issues and future challenges identified in the Annual Governance Statement is monitored by the Corporate
- 2.4 Leadership Team.

#### **3.0 Reasons for recommendations**

- 3.1 To enable the Cabinet and the Standards and Audit Committee to monitor compliance with the Code of Corporate Governance.
- 3.2 To comply with the requirements of the Accounts and Audit Regulations 2015.
- 3.3 To support the maintenance of sound risk management, governance and control arrangements within the Council.

#### **4.0 Report details**

##### **Background**

- 4.1 As good practice and to promote sound governance arrangements local authorities are recommended to adopt and regularly review a Code of Corporate Governance. The Code of Corporate Governance details the system by which the Council controls and directs its functions and how it relates to its local community. 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 to achieve desired outcomes for service users and communities.
- 4.2 The Council's Code of Corporate Governance reflects the latest CIPFA / SOLACE guidance "delivering good governance in Local Government Framework 2016 Edition".
- 4.3 The Annual Governance Statement builds on the annual review of the Code of Corporate Governance. In England, the preparation and publication of an Annual Governance Statement is necessary to meet the statutory requirement set out in the Accounts and Audit (England) Regulations 2015. The Regulation requires authorities to prepare an Annual Governance Statement in accordance with "proper practices" in relation to internal control. The CIPFA / SOLACE framework, 'Delivering Good Governance in Local Government: Framework (2016)', defines such "proper practices".
- 4.4 The Annual Governance Statement should be an open and honest self-assessment of the organisation's performance across all of its activities, with a clear statement of the actions being taken or required to address areas of concern. The 2016 CIPFA/SOLACE Framework sets out the following core principles of good Governance: -
  - 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 optimize 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.

4.5 Local authorities are required to prepare an Annual Governance Statement to report publicly on the extent to which they comply with their own code of governance, which in turn is consistent with the good governance principles in the Framework.

**Review of compliance with the Code of Corporate Governance requirements**

4.6 The Review at Appendix 1 shows that there has been substantial compliance with the Code of Corporate Governance during the year 2023/24. Where discussions with CLT and the work of Internal Audit has identified issues, these have been addressed within the Annual Governance Statement.

**The Annual Governance Statement**

4.7 The review of compliance with the Code of Corporate Governance helps to identify evidence which is then used in the Annual Governance Statement.

4.8 The guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) has also been used when producing the Annual Governance Statement. The Annual Governance Statement (Appendix 2) has been derived from a detailed review of the assurances by senior officers and from the work undertaken and risks identified by internal audit.

4.9 The Corporate Leadership Team and other senior officers have all been involved in the review.

4.10 The review indicates that many of the processes and procedures in place at Chesterfield Borough Council are compliant with good practice however there are some governance issues and future challenges that are detailed within the Annual Governance Statement.

- 4.11 The Annual Governance Statement (Appendix 2) follows the layout of a pro forma statement recommended by the CIPFA guidance. The Statement should be signed by the Leader of the Council and the Chief Executive.

## **5.0 Alternative options**

- 5.1 Not applicable.

## **6.0 Implications for consideration – Financial and value for money**

- 6.1 Ensuring that governance processes, risk management and controls in place are strong and transparent helps to ensure that there is good financial management and that value for money is achieved.

## **7.0 Implications for consideration – Legal**

- 7.1 The preparation and publication of an Annual Governance Statement is necessary to meet the statutory requirement set out in the Accounts and Audit (England) Regulations 2015.

## **8.0 Implications for consideration – Human resources**

- 8.1 None

## **9.0 Implications for consideration – Council Plan**

- 9.1 This review helps to ensure that the council's resources and priorities are focused on achieving the objectives within the council plan.

## **10.0 Implications for consideration – Climate Change**

- 10.1 There are no perceived climate change impacts as a result of the recommendations to approve the Annual Governance Statement and review of the Code of Corporate Governance.

## **11.0 Implications for consideration – Equality and diversity**

- 11.1 Whilst there are not considered to be any direct equalities impacts in relation to this report, sound corporate governance arrangements will support the achievement of the Council's equalities objectives.

## **12.0 Implications for consideration – Risk management**

- 12.1 The failure to operate a sound system of Corporate Governance would represent a significant risk to the Council. The review of the Code of Corporate Governance and the preparation of the Annual Governance Statement ensures that the identified issues and challenges can be addressed. Progress will be monitored by the Corporate Leadership Team and the Standards and Audit Committee.

### Decision information

<b>Key decision number</b>	
<b>Wards affected</b>	

### Document information

<b>Report author</b>	
Jenny Williams Head of the Internal Audit Consortium Finance Directorate	
<b>Background documents</b>	
Accounts and Audit (England) Regulations 2015 CIPFA/SOLACE publication – Delivering Good Governance in Local Government Framework 2016 Edition	
<b>Appendices to the report</b>	
Appendix 1	Annual Review of the Code of Corporate Governance
Appendix 2	Annual Governance Statement 2023/24