

Audit Governance and Standards Committee

11 July 2016

Is the final decision on the recommendations in this report to be made at this meeting?

No

Annual Governance Statement 2015-16 and Local Code of Corporate Governance Review

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| Final Decision-Maker | Policy and Resources Committee |
| Lead Director | Chief Executive |
| Lead Officer and Report Author | Angela Woodhouse, Head of Policy and Communications |
| Classification | Public |
| Wards affected | |

This report makes the following recommendations to this Committee:

1. To review and approve the Annual Governance Statement 2015-16 and Local Code of Corporate Governance prior to consideration by the Policy and Resources Committee and signing by the Leader and Chief Executive.

This report relates to the following corporate priorities:

- Keeping Maidstone Borough an attractive place for all – Effective corporate governance arrangements ensure the council's priorities are understood and delivered
- Securing a successful economy for Maidstone Borough - Effective corporate governance arrangements ensure the council's priorities are understood and delivered

Timetable

| Meeting | Date |
|---|-------------|
| Audit, Governance and Standards Committee | 11/7/16 |
| Policy and Resources Committee | 27/7/16 |

Annual Governance Statement 2015-16 and Local Code of Corporate Governance Review

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 Audit Governance and Standards Committee is asked to consider and approve the Annual Governance Statement and Local Code of Conduct.
 - 1.2 Attached at **Appendix A** is the Annual Governance Statement for 2015-16. The purpose of the Annual Governance Statement is to provide assurance on the council's governance arrangements.
 - 1.3 The Local Code of Corporate Governance was adopted in 2003, since then the code has been reviewed annually to ensure it remains fit for purpose and up to date. The refreshed code is attached at **Appendix B**.
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2. INTRODUCTION AND BACKGROUND

- 2.1 Each year we carry out a review of our Governance arrangements to ensure compliance with the Local Code of Corporate Governance. The purpose of the review will be to provide assurance that governance arrangements are adequate and operating effectively or to identify action which is planned to ensure effective governance in the future. The outcome of the review takes the form of an Annual Governance Statement prepared on behalf of the Leader at the Council and Chief Executive.
- 2.2 The code sets out the core principles of corporate governance and measures of compliance the statement how we are meeting these principles. Minor revisions have been made to the code as part of the annual review.
- 2.3 The council produces an Annual Governance Statement (AGS) to accompany the statement of accounts. The Audit Governance and Standards Committee is asked to consider this statement prior to submission to Policy and Resources and signing by the Leader and Chief Executive. The statement looks back at the governance arrangements for 2015-16 and identifies areas for action for 2016-17.
- 2.4 In 2016-17 the Annual Governance Statement and Code of Corporate Governance will need to be changed to reflect the new 'Delivering Good Governance Framework' introduced by CIPFA/Solace in 2016. The format of the AGS has been maintained with a full overhaul next year when the new framework will be applied. It will also be appropriate to review the local code of corporate governance fully at the same time.
- 2.5 Last year action saw the embedding of the new committee system and a review of its effectiveness by the Democracy Committee in early 2016.

Action was also taken in relation to improving information and risk management. A new whistle blowing charter has been produced for approval by the Audit, Governance and Standards Committee.

- 2.6 An emerging governance issue for 2016-17 for the council is devolution. A briefing has been held for all Councillors on the emerging themes and tentative steps that have been taken so far. We will keep this under review.

3. AVAILABLE OPTIONS

- 3.1 The Audit Governance and Standards Committee can review the Local Code of Conduct and Annual Governance statement and identify changes as appropriate for consideration by the Policy and Resources Committee.

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 It is recommended that the Committee review and agree the code and statement prior to submission to the Policy and Resources Committee suggesting amendments as appropriate
- 4.2 The AGS attached at Appendix A looks back at the governance arrangements in place for 2015-16 and assesses the effectiveness of those arrangements.

5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 The Corporate Leadership Team reviewed the statement and code. The next stage will be consultation with Audit, Governance and Standards Committee.

6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 The AGS and Local Code of Corporate Governance will be considered by Policy and Resources prior to sign-off by the Leader and Chief Executive. Once approved the code and annual governance statement will be made available on our website and shared with our external auditors.
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7. CROSS-CUTTING ISSUES AND IMPLICATIONS

| Issue | Implications | Sign-off |
|--|---|-----------------------------------|
| Impact on Corporate Priorities | Effective corporate governance arrangements ensure the council's priorities are understood and delivered | Head of Policy and Communications |
| Risk Management | The AGS considers and gives assurance on the Council's approach to risk management | Head of Policy and Communications |
| Financial | This report has no direct financial implications. The AGS is a requirement of statutory regulations and provides assurance about the Council's governance arrangements. | Section 151 Officer |
| Staffing | No implications | Head of Policy and Communications |
| Legal | The AGS assesses the council's governance arrangements which are essential in ensuring robust and lawful decision-making and therefore minimising the risk of legal challenge | Legal Team |
| Equality Impact Needs Assessment | Good governance ensures the council is adhering to the public sector equality duty. | Policy & Information Manager |
| Environmental/Sustainable Development | N/A | Head of Policy and Communications |
| Community Safety | N/A | Head of Policy and Communications |
| Human Rights Act | N/A | Head of Policy and Communications |
| Procurement | N/A | Head of Policy and Communications |

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| Asset Management | N/A | Head of Policy and Communications |
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8. REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- Appendix A: Annual Governance Statement 2015-16
- Appendix B: Local Code of Corporate Governance 2016

9. BACKGROUND PAPERS