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| 11 July 2024 | | ITEM: 8 |
| Audit Committee | | |
| Local Code of Corporate Governance | | |
| Wards and communities affected: All | Key Decision: Key | |
| Report of: Helen Nicol, Assistant Director Legal & Governance and Deputy Monitoring Officer | | |
| Accountable Assistant Director: Helen Nicol, Assistant Director Legal & Governance and Deputy Monitoring Officer | | |
| Accountable Director: Daniel Fenwick, Executive Director Corporate Services and Monitoring Officer | | |
| This report is Public | | |
| Version: Committee | | |

Executive Summary

Corporate governance means the systems, processes, and values by which a Council operate and by which they engage with and are held accountable to their communities and stakeholders. Thurrock Council is committed to demonstrating that it has the necessary corporate governance arrangements in place to perform effectively.

As part of the intervention Improvement and Recovery Plan there is a requirement for Thurrock Council to improve governance and control, and to implement processes that maximise transparency and accountability.

As such, Thurrock Council seeks to introduce a new Local Code of Corporate Governance, which has been developed in accordance with the latest guidance. This code brings together in one document the Council's governance and accountability arrangements. It is a public facing living document that will be regularly reviewed and updated as required. The Annual Governance Statement will measure performance against the Local Code of Corporate Governance.

Commissioner Comment:

The draft Code will be taken to Governance Recovery Board to ensure Commissioners are fully sighted and can provide comment.

1. Recommendation(s)

Version Control (delete as appropriate)

Version 1 - First draft ready for DMT, SLT and Commissioner input; **Version 2** - Second Draft ready for Portfolio Holder, Leader and other Member Input; **Version 3** - Third draft for any further comments; **Version Committee** – Draft ready for submission to public committee; **Version Cabinet** – Final version ready for Cabinet/Executive decision

- 1.1 **Audit Committee are requested to comment on, consider and agree the draft Local Code of Governance.**
- 1.2 **Audit Committee are requested to recommend that Cabinet approve and adopt the draft Local Code of Governance.**

2. Introduction and Background

- 2.1 Corporate governance is the systems, processes, and values by which a Council operates and by which they engage with and are held accountable to their communities and stakeholders. Thurrock Council is committed to demonstrating that it has the necessary corporate governance arrangements in place to perform effectively.
- 2.2 A core priority of Thurrock Council's Improvement and Recovery Plan ("IRP") is the improvement of governance and controls. At paragraph 5.1 of the IRP the Council confirms that "Members and officers will collaborate to review, refresh and co-create our governing policies, ensuring that we are fully compliant with all external guidelines and good practice and that our policies are enacted through clearly articulated procedures.... that places a high value on repositioning Thurrock as a well-run and governed Council. We will assure the Government, Commissioners, residents and partners of our commitment to transparency, accountability and risk aware decision making".
- 2.3 As part of the work to deliver this priority of the IRP, officers on the Open Governance and Accountability Workstream Group have developed the draft Local Code of Corporate Governance ("the draft Code") (Appendix 1). It is intended to bring together in one document the Council's governance and accountability arrangements. The draft Code sets out: the Corporate Governance Principles; how the Council's Governance Framework meets those Principles; and the review and maintenance of the Code.
- 2.4 'Delivering Good Governance in Local Government (2016)' ("the CIPFA Framework") has been issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE). The CIPFA Framework defines the principles that should underpin the governance of each local government organisation and provides a structure to help authorities with their approach to governance. The CIPFA Framework has been closely followed in the development of the Council's draft Code.
- 2.5 If approved by Audit Committee it is intended that the draft Code will be taken to Cabinet in September 2024.

3. Issues, Options and Analysis of Options

- 3.1 There is no statutory requirement on an authority to adopt a Local Code of Corporate Governance, and so it is an option not to adopt the draft Code.
- 3.2 Given the absence of a statutory requirement to adopt a Local Code of Corporate Governance, and the CIPFA Framework being sector guidance, the decision could be taken to amend the Code to follow a format and cover issues not recommended by the CIPFA Framework.

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- 3.3 In consideration of the options as set out in paragraphs 3.1 and 3.2, these would appear to present risk to the Council, particular in terms of being able to demonstrate that improvements in governance and control are being delivered, if the decision is taken not to implement the draft Code. It is stated in the IRP, as quoted in paragraph 2.2 above, that the Council will align its processes with external guidelines and good practice. The CIPFA Framework is the industry standard for production of Local Codes of Corporate Governance and provides the benchmark for good practice, and there would not appear to be good reason to depart from the recommendations within the CIPFA Framework.

4. Reasons for Recommendation

- 4.1 The development and adoption of the draft Local Code of Corporate Governance, against which the Annual Governance Statement will benchmark governance performance, supports the required outcomes of the IRP to improve governance and controls, as agreed by Council with endorsement from Commissioners and the government. Adopting the draft Code, in response to the specific failings of the Council and in an effort to change the culture and perception of governance, is considered to be an important step. The draft Code is also intended to be a public facing document and supports the need for accountability and transparency as the Council seeks to rebuild trust with its residents and stakeholders.

5. Consultation

- 5.1 The draft Code has been developed with input from the Open Governance and Accountability Workstream Group which is comprised of officers from across the organisation including Legal Services, Democratic Services, Information Management, Transformation and Change, ICT, Audit, Risk and Human Resources.
- 5.2 This report also takes into account feedback from the Senior Leadership Team.

6. Impact on corporate policies, priorities, performance and community impact

- 6.1 As set out in paragraph 4.1 the draft Local Code of Corporate Governance will be a key policy against which improvements in governance and control will be measured and will be taken into account in the Annual Governance Statement. It seeks to meet the one of the priority aims of the IRP in improvements in governance, transparency and accountability.

7. Implications

7.1 Financial

Implications verified by: **Joanne Freeman and Dawn Calvert**
Assistant Director Finance and Chief Financial Officer

28 June 2024

There are no financial implications arising from this report.

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7.2 Legal

Implications verified by: **Helen Nicol**
**Assistant Director Legal & Governance and Deputy
Monitoring Officer**

20 June 2024

The governance of Local Authorities is contained within provisions in a multitude of statutes and regulations. Section 1 Localism Act 2011 sets out a Local Authority's general power of competence to do anything that individuals generally may do.

There is no specific statutory requirement for a Local Authority to produce or adopt a Local Code of Corporate Governance. However, the CIPFA Framework 'Delivering Good Governance in Local Government' clearly sets out that it is best practice to do so.

The Accounts and Audit (England) Regulations 2015 oblige the Council to produce an Annual Governance Statement for each accounting year evidencing how the Council has performed. The Local Code of Governance proposed to be adopted assists the Council in meeting the requirement of producing that Annual Governance Statement and allows the Statement to assess performance as against the Code.

The Local Government Act 1999 requires that council services are "responsive to the needs of citizens, of high quality and cost-effective, and fair and accessible to all who need them". Councils are also under a general best value duty to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness". The proposed Local Code of Corporate Governance supports the delivery of these statutory requirements as it sets the governance framework within which the Council operates in order to deliver services and best value, and to measure compliance with the principles of good governance.

7.3 Diversity and Equality

Implications verified by: **Roxanne Scanlon**
Community Engagement and Project Monitoring Officer

24 June 2024

There are no direct diversity implications contained within this report. The Local Code of Corporate Governance seeks to ensure council services are fair and accessible to all residents and sets out the systems, processes and values by which we will operate, engage with and be held accountable by our communities and other stakeholders. A full CEIA will be completed to accompany this document and be reviewed and updated as required at the same time as the Local Code of Corporate Governance.

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7.4 Risks

7.4.1 See paragraphs 3.1 to 3.3 above regarding the risks of failure to implement a Local Code of Corporate Governance.

8. Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- Improvement and Recovery Plan, October 2023: [Thurrock Council - Improvement and Recovery Plan, October 2023: full plan](#)

9. Appendices to the report

- Appendix 1 – draft Local Code of Corporate Governance
- Appendix 2 – The CIPFA Framework

Report Author:

Helen Nicol

Assistant Director Legal & Governance and Deputy Monitoring Officer

Corporate Resources

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