

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Audit Committee
Date:	2 February 2017
Title:	The Corporate Governance Framework
Reference:	7890
Report From:	Director of Transformation and Governance – Corporate Services

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1. Executive Summary

1.1. The purpose of this paper is to inform the Audit Committee about changes to the County Council's Code of Corporate Governance (the 'Code') and to seek the formal adoption of the revised Code into the County Council's Corporate Governance Framework.

1.2. This paper seeks to:-

- Set out the background to the current Code
- Highlight the key changes introduced by the revised Code

2. Contextual information

2.1. The County Council is statutorily required to conduct an annual review into the effectiveness of its governance arrangements

2.2. This statutory requirement is fulfilled by the publication of the County Council's Annual Governance Statement which accompanies its Annual Statement of Accounts and is prepared in accordance with the Code.

2.3. The current Code is based on guidance issued by the Chartered Institute of Public Finance and Accounting ('CIPFA') in 2007 (as amended by an addendum in 2012) and was adopted by the Audit Committee on 13 February 2014.

2.4. Revised CIPFA guidance was issued in 2016 to take into account current challenges facing Local Government. The guidance (*Delivering Good Governance in Local Government: Framework 2016 Edition*) now advocates that governance processes and structures focus on the present and long term attainment of sustainable economic, societal, and environmental outcomes. It

introduces seven new core principles to underpin good governance which apply to the County Council as a whole. These principles are as follows:-

- 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 County Council'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

2.5. The Code has been updated to reflect these new principles.

2.6. A copy of the draft revised code is attached at Appendix 1.

2.7. In its Terms of Reference the Audit Committee is charged with the adoption, review and amendment of the Corporate Governance Framework for the County Council.

3. Performance

3.1. The County Council's corporate governance arrangements, set out in Appendix 2, do not require immediate significant amendment as all documents and process will be updated, if necessary, when each falls due for review.

3.2. The Annual Governance Statement will need to be drafted to reflect compliance with the new Code for 2016/17 onwards.

4. Consultation and Equalities

4.1. An internal consultation with the County Council's Heads of Corporate Services was carried out in October 2016 in order to identify the governance arrangements the County Council has in place to support the revised Code.

4.2. The consultation confirmed that the County Council has comprehensive governance arrangements in place to support the revised Code.

4.3. The Code received the approval of CMT on 16 November 2012.

4.4. A strategic overview of the policies, procedures and systems identified as part of the consultation are attached at Appendix 2. Hyperlinks have been included where possible to aid accessibility to the relevant information.

4.5. An Equality Impact Assessment has been completed which has not identified any impact on equality.

5. Future direction

5.1. The Code, if approved, will apply to the County Council's Annual Governance Statement for 2016/17 onwards

6. Recommendation

6.1. That the Audit Committee consider and approve the revised Code of Corporate Governance for Hampshire County Council as set out in Appendix 1.

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

Hampshire safer and more secure for all:	yes/no
Maximising well-being:	yes/no
Enhancing our quality of place:	yes/no
OR	
This proposal does not link to the Corporate Strategy but, nevertheless, requires a decision because:	
The Corporate Governance Framework is an integral part of the County Council's Governance arrangements.	

Other Significant Links

Links to previous Member decisions:		
<u>Title</u> Corporate Governance Framework	<u>Reference</u> 5437	<u>Date</u> 13 February 2014
Direct links to specific legislation or Government Directives		
<u>Title</u> Accounts and Audit Regulations		<u>Date</u> 2015

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Location</u>
None	

IMPACT ASSESSMENTS:

1. Equality Duty

1.1. The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

1.2. Equalities Impact Assessment:

No equality impacts have been identified as a result of the adoption of the new Code of Corporate Governance.

2. Impact on Crime and Disorder:

2.1. There is no impact on Crime and Disorder deriving from this decision.

3. There is no impact on Crime and Disorder deriving from this report Climate Change:

- a) How does what is being proposed impact on our carbon footprint / energy consumption?

N/A

- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

N/A