



# Agenda

Meeting: **Audit and Governance Committee**  
Date: **16 March 2022**  
Time: **7.00 pm**  
Place: **Council Chamber - Civic Centre Folkestone**

To: **All members of the Audit and Governance Committee**

The committee will consider the matters, listed below, at the date, time and place shown above. The meeting will be open to the press and public.

Members of the committee, who wish to have information on any matter arising on the agenda, which is not fully covered in these papers, are requested to give notice, prior to the meeting, to the Chairman or appropriate officer.

This meeting will be webcast live to the council's website at <https://folkestone-hythe.public-i.tv/core/portal/webcasts>.

**14. Local Code of Corporate Governance (Pages 3 - 16)**

This report recommends the approval of a local code of corporate governance for 2022/23.

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Email: [committee@folkestone-hythe.gov.uk](mailto:committee@folkestone-hythe.gov.uk) or download from our website  
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This Report will be made public on 11 March 2022



Report Number **AuG/21/30**

**To:** Audit and Governance  
**Date:** 16 March 2022  
**Status:** Non – executive decision  
**Head of service:** Amandeep Khroud – Assistant Director – Governance and Law

**SUBJECT: LOCAL CODE OF CORPORATE GOVERNANCE**

**SUMMARY:** This report recommends the approval of a local code of corporate governance for 2022/23.

**REASONS FOR RECOMMENDATIONS:**

It is necessary for the committee to adopt a local code of corporate governance for the current year.

**RECOMMENDATIONS:**

1. To receive and note report AuG/21/30.
2. To adopt the local code of corporate governance appended.

## 1. INTRODUCTION

- 1.1 The council should adopt a local code of corporate governance each year.
- 1.2 The code is derived from the guidance of CIPFA/SOLACE (the Society of Local Authority Chief Executives) “*Delivering Good Governance in Local Government: Framework*”.

## 2. THE CODE

- 2.1 The code is appended.
- 2.2 The recommended code is based on seven core principles. These principles are:
  - A. Strong commitment to integrity, ethical values, and the rule of law.
  - B. 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 intended outcomes.
  - E. Developing the capacity of the entity, 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 and reporting to deliver effective accountability.
- 2.2 Under each principle is a list of actions that the council takes to support the relevant principle. These are actions the council is already taking.

## 3. RISK MANAGEMENT ISSUES

3.1 A summary of the perceived risks follows:

Perceived risk	Seriousness	Likelihood	Preventative action
Failure to adopt a code	Medium	Low	Adopt the local code.

#### **4. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS**

##### **4.1 Legal Officer's Comments (AK)**

No legal comments.

##### **4.2 Finance Officer's Comments (CS)**

There are no direct financial implications arising from this report.

##### **4.3 Diversities and Equalities Implications**

#### **5. CONTACT OFFICERS AND BACKGROUND DOCUMENTS**

Councillors with any questions arising out of this report should contact the following officer prior to the meeting:

Amandeep Khroud – Assistant Director – Governance and Law

Tel No: 01303 853253

Email: [Amandeep.khroud@shepway.gov.uk](mailto:Amandeep.khroud@shepway.gov.uk)

The following background documents have been relied upon in the preparation of this report:

None

##### **Appendices:**

Appendix 1: Draft local code of corporate governance

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## Local Code of Corporate Governance 2022

### Introduction

The Council produces a code of corporate governance which is reviewed on an annual basis. Guidance for preparing the code is provided by the Chartered Institute for Public Finance and Accountancy (CIPFA).

CIPFA has developed a framework for good governance in the public sector based on the International Framework, Good Governance in the Public Sector.

The framework comprises of seven principles of good governance. In the framework governance is defined as:

**Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.**

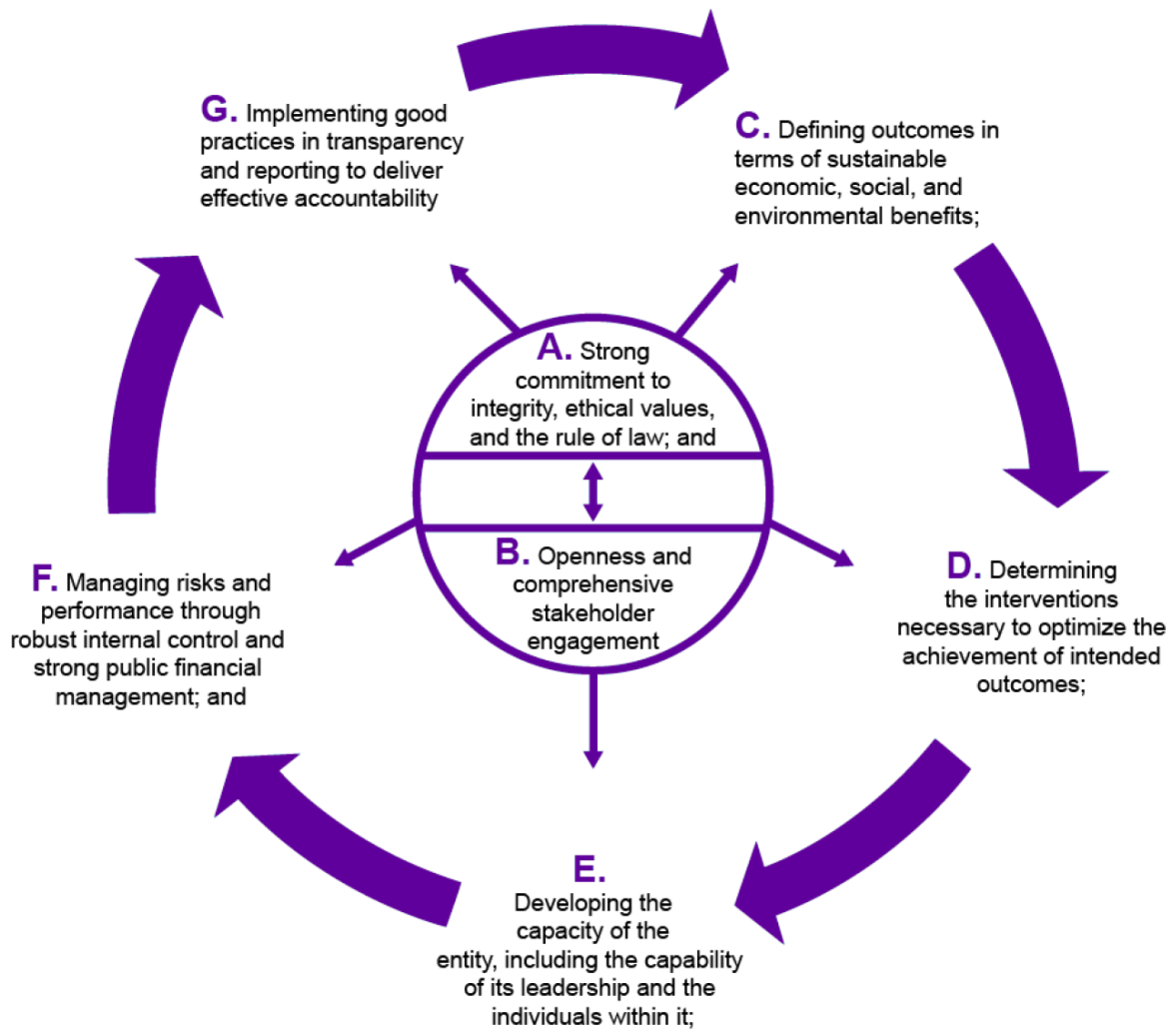
Effective governance in the public sector encourages improved decision making and efficient use of resources. Effective governance is characterised by robust scrutiny, which provides important pressures for improving public sector performance and tackling corruption. Effective governance can improve management leading to better service delivery and ultimately, better outcomes.

The Local Code of Corporate Governance is the document that sets out the framework within which the Council conducts its business and affairs.

**The seven principles of good governance set out in the framework are:**

- A. Strong commitment to integrity, ethical values, and the rule of law.
- B. 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 intended outcomes.
- E. Developing the capacity of the entity, 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 and reporting to deliver effective accountability.

The core principles for good governance in the public sector are high level and bring together a number of concepts. The figure below sets out the relationship between the principles.





**A: Strong commitment to integrity, ethical values, and the rule of law.**

The Council is responsible for using national resources collected through taxation to provide services for our citizens. We are accountable not only for how much we spend but also for the way we use the resources with which we have been entrusted.

In addition, we have an overarching mission to serve the public interest, in adhering to the requirements of legislation and government policies.

Ethical values and standards are defined in the Council's Constitution and should form the basis for all our policies, procedures and actions as well as the behaviour of our members and staff.

Council officers may be involved with interpreting laws; such activities demand a high standard of conduct that prevents these roles being brought into disrepute. We should demonstrate a strong commitment to the rule of law as well as compliance with all relevant laws.

This makes it essential that we can demonstrate the integrity of all our actions and that we have mechanisms in place that encourage and enforce a strong commitment to ethical values and legal compliance at all levels.

1. The Council will maintain core values) both for the Council and its officers. These are One Team, Thinking Ahead, Performance Counts and Customer First.

2. We use core values as a guide for decision making and as a basis for developing positive and trusting relationships within the Council. We demonstrate this by adherence to the constitution

3. We have adopted formal codes of conduct defining standards of personal behaviour for members and officers.

4. We maintain the Audit and Governance Committee to raise awareness and take the lead in ensuring high standards of conduct are embedded within the Council's culture.

5. We have put in place arrangements to ensure that members and staff of the Council are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders. We have put in place appropriate processes to ensure that these arrangements are workable including declaration of interests and anti-corruption policies.

6. We ensure that systems and processes for financial administration and control together with protection of the Council's resources and assets comply with ethical standards; and are subject to monitoring of their effectiveness.

7. We will ensure that professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making if appropriate.

8. Officers will actively recognise the limits of lawful activity placed on them but also strive to utilise their powers to the full benefit of their communities.
9. Officers will observe all specific legislative requirements placed upon the Council as well as the requirements of general law, and in particular integrate the key principles of administrative law – rationality, legality and natural justice into the procedures and decision making.
10. We have put in place effective systems to protect the rights of staff. We ensure that policies for whistle-blowing which are accessible to staff and those contracting with the Council, and arrangements for the support of whistle-blowers, are in place.
11. We will publish an Annual Governance Statement, signed by the head of paid service and the Chairman of the Audit and Governance Committee to confirm that we are satisfied that we have effective governance arrangements in place.

### **B: Openness and comprehensive stakeholder engagement**

The Council operates for the public good and recognises there is a need for openness about our activities as well as clear channels of communication and engagement with all stakeholders. We must demonstrate that we act in the public interest at all times to maintain public trust and confidence. We should demonstrate clear reasoning for decision making and ensure that this is formally recorded for retrospective public scrutiny.

1. We will ensure that the Council's vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated.
2. We will maintain a culture of accountability so that members and Officers understand to whom they are accountable and for what.
3. We will strive to engage with stakeholders on an individual and collective basis to demonstrate that we deliver services and outcomes that meet the needs and expectations of the public. These arrangements will recognise that different sections of the community have different priorities and establish robust processes for dealing with these competing demands.
4. We will deliver effective scrutiny of the Council's business as appropriate and produce an annual report on the activities of the overview and scrutiny function.
5. We will ensure that the Council as a whole is open and accessible to the community, service users and staff and we are committed to openness and transparency in all dealings. We will attempt to publish all committee agenda items publically unless there is the need to preserve confidentiality where it is proper and appropriate to do so.

### **C: Defining outcomes in terms of sustainable economic, social, and environmental benefits.**

The Council has prepared and published a plan which sets out the Council's priorities; a Medium Term Financial Plan which is a financial representation of the Council's Vision and supports the priorities

We will review this document on a regular basis to ensure they reflect the vision of the Council.

1. We will make a clear statement of the Council's purpose and vision and use it as a basis for corporate and service planning.
2. We will ensure that those making decisions are provided with financial and non-financial information that is fit for the purpose – relevant, timely and gives clear explanations of technical issues and their implications.
3. We will identify and monitor service performance indicators which demonstrate how the quality of service for users is to be measured.
4. We maintain a prudential financial framework, balance commitments with available resources; and monitor income and expenditure levels to ensure this balance is achieved.
5. We ensure compliance with the CIPFA codes regarding a Prudential Framework for Capital Finance and Treasury Management.

**D: Determining the interventions necessary to optimise the achievement of intended outcomes.**

The Council clearly defines its priorities and plans which are aimed at delivering the outcomes that the Council intends. These will focus on delivering effective and efficient services for the residents. We assess the risks of not achieving those outcomes and ensure that there are mitigating actions in place to support the achievement of intended outcomes. The Council's financial management arrangements ensure that there is adequate resource available to deliver those outcomes. The Council reviews progress against delivering those outcomes through its performance management arrangements.

1. We will make a clear statement of the Council's purpose and vision and use it as a basis for corporate and service planning.
2. We have risk management arrangements in place including mitigating actions to support the achievement of the Council's intended outcomes.
3. We will ensure that there are effective arrangements in place to monitor service delivery.
4. We will put in place effective arrangements to deal with a failure in service delivery and explore options for improving service delivery and outcomes for our residents.

5. We have prepared contingency arrangements including a disaster recovery plan, business continuity plan and arrangements for delivering services during adverse weather conditions.

6. We will provide senior managers and Members with timely financial and performance information.

7. We ensure that budget calculations are robust and reserves are adequate.

8. We will align financial and performance data to provide an overall understanding of performance.

**E: Developing the capacity of the Council including the capability of its leadership and the individuals within it.**

The Council will develop and retain a management structure that provides leadership and creates the opportunity for staff to work effectively and efficiently to achieve the Council objectives. We will provide training and support to enable staff to develop their skills so they can achieve their full potential.

1. Through the constitution we have set out a clear statement of the respective roles and responsibilities of the Council's Cabinet and the members individually.

2. We have set out a clear statement of the respective roles and responsibilities of the Council's other committees and senior officers.

3. We have developed protocols to ensure effective communication between Council members and officers in their respective roles.

4. We have set out the terms and conditions for remuneration of members and officers and publish an Annual Pay policy statement in accordance with the requirements of the Localism Act 2011.

6. There is a scheme of delegated powers within the constitution and we ensure that the scheme is monitored and updated when required.

7. We will ensure that effective management arrangements are in place at the top of the organisation.

8. The head of paid service is responsible and accountable to the Council for all aspects of operational management.

9. The Chief Financial Officer is the Director – Corporate Services and is a member of the Council's Corporate Management Team, with access to the Head of Paid Service and other members of the leadership team.

10. The Section 151 Officer is responsible to the Council for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control.

11. We have appointed a professionally qualified and experienced Chief Financial Officer, who will lead the promotion and delivery of good financial management, safeguarding public money and ensuring appropriate, economic, efficient and effective use of funds; together with professional accountability for finance staff throughout the Council

12. The Monitoring Officer is responsible to the Council for ensuring that the constitution is adhered to.

13. We will assess the skills required by Members including the understanding of financial systems. We will agree a personal development plan to develop skills and address any training gaps, to enable roles to be carried out effectively.

14. We will assess the skills required by officers through the appraisal process and address any training gaps, to enable roles to be carried out effectively.

15. We will develop skills on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed.

16. We will ensure that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the Council.

17. We will review the scope of the Chief Financial Officer's non-financial areas of responsibility to ensure financial matters are not compromised.

18. We provide the Chief Financial Officer and the Monitoring Officer with the resources, expertise and systems necessary to perform the role effectively within the Council.

## **F: Managing risks and performance through robust internal control and strong public financial management.**

The Council recognises the need to implement an effective performance management system that will allow us to deliver services effectively and efficiently. We understand that risk management, internal control and strong financial management are essential for us to achieve our objectives and we have put appropriate arrangements in place.

1. We will maintain an effective Audit and Governance Committee which is independent of the executive and overview and scrutiny functions.

2. We will enable the Chief Financial Officer to bring influence to bear on all material decisions and provide advice on the levels of reserves and balances to be retained.

3. We will ensure that risk management is embedded into the culture of the Council, with members and managers at all levels recognising that risk management is part of their job.

4. We will ensure our arrangements for financial and internal control and management of risk are formally addressed within the annual governance reports.
5. We will ensure effective internal control arrangements exist for sound financial management systems and processes.

**G: Implementing good practices in transparency and reporting to deliver effective accountability.**

The Council recognises that effective accountability is concerned not only with reporting on actions completed but ensuring stakeholders are able to understand and respond as the Council plans and carries out its activities in an open manner.

1. We comply with the local government transparency code and publish all required information in a timely manner.
2. We have established a medium term business and financial planning process in order to deliver a financial strategy ensuring sustainable finances, a robust annual budget process ensuring financial balance and an adequate monitoring process; all of which are subject to regular review.
3. We have put in place effective transparent and accessible arrangements for dealing with complaints.
4. We will maintain an effective overview and scrutiny function which encourages constructive challenge and enhances the Council's performance overall.
5. We will maintain an effective Audit and Governance Committee which is independent of the Cabinet and the Overview and Scrutiny committee.
6. We will ensure an effective internal audit function is resourced and maintained.
7. We will maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based.
8. We will attempt to publish all committee items in the public part of the agenda unless there is the need to preserve confidentiality where it is proper and appropriate to do so.
9. We will put in place arrangements for whistle-blowing to which staff and all those contracting with the Council have access.
10. We will produce clear, timely, complete and accurate information for budget holders and senior officers relating to the budgetary and financial performance of the Council.

11. We will maintain effective arrangements for determining the remuneration of senior staff and publish an Annual Pay Policy statement in accordance with the requirements of the Localism Act 2011.

### **Annual Review of Corporate Governance**

At the end of each financial year, the Council formally reviews the governance arrangements in place and produces an Annual Governance Statement.

The Annual Governance Statement includes:

- Scope of responsibility
- The purpose of the governance statement
- The Council's governance framework
- Review of effectiveness
- Assurance statements
- Internal Audit's opinion of the system of internal controls
- Financial management
- Significant governance and internal control issues
- Action plan
- Certification statement

The Annual Governance Statement addresses any actions arising from the previous years' Annual Governance Statement and highlights any actions arising from the year being reviewed.

The Annual Governance Statement also assesses the effectiveness and application of the Local Code of Governance and identifies any necessary changes and makes any relevant recommendations to the Council.

As part of the Audit and Governance Committee's governance role, the formal annual review will be undertaken by the Audit and Governance Committee on behalf of the Council.

The Annual Governance Statement is signed by the Chairman of the Audit and Governance Committee) and by the Head of Paid Service, and is published with the Council's annual Statement of Accounts.

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