

Local Code of Corporate Governance 2017

Report by: John Blair, Director Resources

1 Purpose of Report

This report advises the Audit Committee of the terms of the draft Local Code of Corporate Governance which has been prepared following an updated framework document from CIPFA/SOLACE and which it is intended to place before the Council to seek formal adoption.

2 Background

- 2.1** Midlothian Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. This is to allow the public funds and the assets at its disposal to be safeguarded and used efficiently and effectively in pursuit of best value.
- 2.2** Elected Members and senior management are responsible for the governance of the business affairs of Midlothian Council. This includes setting the strategic direction, vision, culture and values of the Council and establishing appropriate and cost effective systems, processes and internal controls to allow the strategic objectives to be delivered.
- 2.3** In order to achieve this, in January 2001, the Council developed a Local Code of Corporate Governance based on a governance framework document published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives' (SOLACE).
- 2.4** Furthermore, In order to be effective, the Council must be able to evidence compliance with the Code. Accordingly the Council has developed an Annual Self Assessment and Assurance Plan to monitor the Council's governance arrangements and to ensure they are robust and demonstrate good practice.
- 2.5** The Midlothian Code of Corporate Governance has previously been updated in October 2006, January 2012 and August 2013 to take account of internal structural changes within the Council as well as to reflect updated guidance from CIPFA and SOLACE
- 2.6** The Delivering Good Governance in Local Government Framework was again updated by CIPFA/SOLACE in 2016 and a short life working group involving representatives from Internal Audit, Business Transformation and Legal have updated Midlothian's Code of Corporate Governance to reflect and comply with the new Framework

- 2.7** The updated Code is in two parts. The Council's annual self assurance and assessment plan is detailed in Part 1 of the Code. Part 2 of the Code then narrates the 7 Core Principles of Good Governance, together with the 20 supporting sub-principles, 91 behaviours and actions and the Council's responses to those to demonstrate good governance in practice.
- 2.5** A copy of the updated Code of Corporate Governance is shown at Appendix 1 and members are referred to it for its terms.

3 Report Implications

3.1 Resource

There are no direct resource implications arising from this report.

3.2 Risk

The review of and revisions to the Local Code of Corporate Governance will ensure that internal controls, risk management and other governance arrangements are improved through the implementation of the framework.

3.3 Single Midlothian Plan and Business Transformation

Themes addressed in this report:

- Community safety
- Adult health, care and housing
- Getting it right for every Midlothian child
- Improving opportunities in Midlothian
- Sustainable growth
- Business transformation and Best Value
- None of the above

3.4 Key Priorities within the Single Midlothian Plan

By ensuring that the Council has proper governance arrangements in place, this provides a suitable framework when seeking to achieve the key priorities of the Single Midlothian Plan.

3.5 Impact on Performance and Outcomes

Without good governance arrangements, performance and outcomes may be adversely affected.

3.6 Adopting a Preventative Approach

This report addresses the Council's policy to have a robust internal control environment, management of risk and effective governance.

3.7 Involving Communities and Other Stakeholders

The updated Local Code of Corporate Governance has been prepared by a short life working group involving representatives from Business Transformation, the Monitoring Officer and Internal Audit.

3.8 Ensuring Equalities

An Equalities Impact Assessment (EQIA) is not required at this stage and there are no equalities issues arising from the report.

3.9 Supporting Sustainable Development

There are no sustainable development issues raised in this report.

3.10 IT Issues

There are no IT issues raised in this report.

4 Recommendations

The Audit Committee is invited to:

- (a) recommend any amendments to the updated Local Code of Corporate Governance; and
- (b) otherwise to note that it be placed before the Council for approval;

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