

CODE OF CORPORATE GOVERNANCE 2021 REFRESH	
AUDIT COMMITTEE 13 October 2021	CLASSIFICATION: OPEN
WARD(S) AFFECTED N/A	
DIRECTOR Dawn Carter-McDonald, Director of Legal and Governance Services	

1. SUMMARY

- 1.1 The report presents a refresh of the Council's Code of Corporate Governance for noting.

2. RECOMMENDATIONS:

The Committee is asked:

- i) To note the Code of Corporate Governance

3. BACKGROUND

- 3.1 The Council maintains a local code of corporate governance, as recommended best practice by the Chartered Institute for Public Finance Accountants (CIPFA). "Delivering good governance in Local Government Framework, 2016 Edition" sets out that local authorities should:

"test their governance structures and partnerships against the principles contained in the Framework by:

- *reviewing existing governance arrangements*
- *developing and maintaining an up-to-date local code of governance, including arrangements for ensuring ongoing effectiveness*
- *reporting publicly on compliance with their own code on an annual basis and on how they have monitored the effectiveness of their governance arrangements in the year and on planned changes.*

The term 'local code' essentially refers to the governance structure in place as there is an expectation that a formally set out local structure should exist, although in practice it may consist of a number of local codes or documents.

To achieve good governance, each local authority should be able to demonstrate that its governance structures comply with the core and sub-principles contained in this Framework. It should therefore develop and maintain a local code of governance/governance arrangements reflecting the principles set out."

- 3.2 The local code was produced in 2017, this work was carried out originally by Internal Audit and Corporate Risk Management. However, a number of elements are requiring review to reflect changes to governance following the pandemic and cyber-attack. CIPFA issued the following as part of a bulletin in February 2021:

"The Framework recommends that local government bodies and the entities that they are accountable for should develop and maintain a local code of governance. This should set out how local arrangements put the principles of good governance in the Framework into practice. The local code is not mandated by Regulations and not all local government bodies have adopted a local code.

The impact of Covid-19 means that there might be more changes than usual to the governance arrangements of an organisation.

For those bodies that do not have an up to date local code for the annual review of governance, they will need to first identify changes to governance since the last annual review before assessing the effectiveness of arrangements.

For those bodies that have a local code, but have not yet updated it in 2020/21, they should be aware that it may no longer be an accurate reflection of how their governance has operated in 2020/21 and that some updates will need to be made as a result of the annual review.

Where the local code is up to date, it should be a resource that identifies how governance is operating during the current year, including changes made to adapt to the impact of Covid-19.

Where changes have been made to ensure that the organisation can meet the Principles of the FM Code, then appropriate updates should be made to the local code for current and future years."

- 3.3 The Excellence in Governance Group (EiGG) agreed to coordinate the refresh in spring 2021. As the Council's cross-service group responsible for maintaining good governance practice, and for advising Hackney Management Team (HMT) in governance matters, it was well placed to ensure that a greater collective role was taken in producing the Code of Corporate Governance.
- 3.4 Following an initial desktop review with relevant services, the draft refresh was presented to HMT in July 2021. Group Directors were invited to review with services. The final code was subsequently signed off by the Acting Chief Executive and Section 151 Officer in September 2021.
- 3.5 The Audit Committee has a specific role in considering the local code of governance when undertaking its work. Its terms of reference include the responsibility: "to review the Council's corporate governance arrangements against the good governance framework including the ethical framework and consider the local code of governance."

4. CODE UPDATE

- 4.1 The refreshed code of corporate governance is attached as **appendix 1**. Primary changes have been revisions to the evidence of compliance with the core principles and sub-principles (page 4 of the code onwards). These have been revisited to reflect current practice in the Council. The principles themselves were developed by CIPFA and are incorporated into the "Delivering good governance in Local Government Framework, 2016 Edition". Changes have also been made to improve formatting and layout.
- 4.2 An additional appendix has been produced to reflect the impact of the cyber-attack and pandemic and is attached as **appendix 2**.
- 4.3 The Committee is invited to make any observations as it deems appropriate.

5. COMMENTS OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES

- 5.1 There are no financial implications of this report. This document sets out what constitutes the Council's approach to corporate governance, and all activities described are included in the relevant service budgets and form a core part of the Council's activities.

6. COMMENTS OF THE DIRECTOR OF LEGAL AND GOVERNANCE SERVICES

- 6.1 There are no legal implications in respect to this report, as the code is not a legally required document, but recommended best practice by CIPFA.

APPENDICES

Appendix 1 - Hackney Code of Corporate Governance

Appendix 2 - Code of Corporate Governance: Impact of the COVID-19 pandemic and cyberattack

BACKGROUND PAPERS (as defined by Local Government (Access to Information) Act 1985)

None

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