

Non-Executive Report of the:  <b>Audit Committee</b>  Thursday, 29 July 2021	 <b>TOWER HAMLETS</b>
<b>Report of:</b> Janet Fasan, Director of Legal and Monitoring Officer	<b>Classification:</b> Open (Unrestricted)
<b>Code of Corporate Governance</b>	

<b>Originating Officer(s)</b>	Matthew Mannion, Head of Democratic Services Joel West, Democratic Services Team Leader (Committees)
<b>Wards affected</b>	(All Wards);

## Executive Summary

The Code of Corporate Governance sets out the Council's commitment to uphold the highest standards of good governance.

The Code was first created in 2018 and has been reviewed each year since. This report presents the 2021 review version for comment and endorsement by the Committee.

The 2021 Code was initially presented to the Audit Committee on 7 April and is now resubmitted following consideration of the outcome of the discussion at that meeting.

## Recommendations:

The Audit Committee is recommended to:

1. Review and comment on the revised Code of Corporate Governance
2. Endorse the Code and agree that it be published on the Council's website.
3. To delegate to the Head of Democratic Services, following consultation with the Chair of the Audit Committee and the Head of Internal Audit, Fraud and Risk, the authority to make minor changes to the Code as required before final publication on the Council's website.

## 1. REASONS FOR THE DECISIONS

- 1.1 The Code of Corporate Governance forms an important part of the Council's

suite of governance controls and documentation.

- 1.2 The purpose of the Code is to set out the framework the Council uses to ensure its governance meets with the good governance principles of the CIPFA/SOLCA guidance. The Annual Governance Statement, presented separately to the Audit Committee, is the method by which the effectiveness of the processes and procedures set out in the Code are evaluated.
- 1.3 The Code is reviewed annually and the Audit Committee is asked to review and endorse the content of the revised Code.

## **2. ALTERNATIVE OPTIONS**

- 2.1 The Code has been produced in line with CIPFA best practice, but the Audit Committee is able to propose additions/alterations if considered appropriate. The Committee could also review the general style/layout of the Code and suggest improvements.

## **3. DETAILS OF THE REPORT**

- 3.1 The Council's Annual Governance Statement produced by the Council each year, sets out its view on the effectiveness of the Council's Corporate Governance.
- 3.2 Corporate Governance is defined as the systems, processes and values by which local government bodies are directed and controlled.
- 3.3 One of the key documents consulted when preparing the Annual Governance Statement is the Code of Corporate Governance. The Code sets out the key documents, policies and activities that underpin the Council's work.
- 3.4 It does this by splitting Governance into 7 key themes (listed as A – G in the document) and then setting out against each one the relevant activities and documentation.
- 3.5 The Code of Corporate Governance was first created in 2018 and has been reviewed each year since that date. The Code is also published under the 'Transparency' section of the website.
- 3.6 In undertaking the review, officers from across the Council have been consulted as to the appropriate content of the Code. The final draft was then presented to CLT for senior leadership sign-off.
- 3.7 Note that the format/design of the Code has been updated for 2021 to take account of new accessibility requirements for web published content.

Review at the Audit Committee on 7 April

- 3.8 When the Committee first considered this year's Code, it expressed concern that the Code needed to better reflect the results of the Annual Governance

Statement and in particular any weaknesses in governance that were identified. A general note of concern was also to make sure the Code was not promising more than was being delivered.

- 3.9 Consequently officers have reviewed the Code and in particular taken out or rephrased any statements that went beyond the required factual nature of the document.
- 3.10 It is important to note that it is the purpose of the Annual Governance Statement to evaluate the effectiveness of the Code and the policies and procedures set out there. The purpose of the Code is to articulate the Council's commitment to good governance and the framework that has been put in place to maintain appropriate governance across the Council. Nevertheless, it was agreed that a better link could be provided between the Code and the role the Annual Governance Statement carries out so that residents can follow the trail of actions around good governance.
- 3.11 The most recent Annual Governance Statement was published in July 2020 and this has been used as the basis of this version of the Code.
- 3.12 The updated Code is set out in Appendix 1 to this report.

#### **4. EQUALITIES IMPLICATIONS**

- 4.1 The Code of Corporate Governance includes a number of key documents in the Council's work to tackle equalities issues such as the Borough Profile, Equality Analysis work and staff training programmes.
- 4.2 The layout and appearance of the Code for 2021 has been adapted to ensure it is accessible in line with public sector accessibility regulations. This means the Code can be read by those using adaptive software or tools (for example, those with impaired vision; motor difficulties; cognitive impairments or learning disabilities; deafness or impaired hearing).

#### **5. OTHER STATUTORY IMPLICATIONS**

- 5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:
- Best Value Implications,
  - Consultations,
  - Environmental (including air quality),
  - Risk Management,
  - Crime Reduction,
  - Safeguarding.
  - Data Protection / Privacy Impact Assessment.

5.2 The Code of Corporate Governance helps demonstrate how the Council maintains awareness of many risks and implications set out above especially around Best Value, Data Protection and Risk Management.

## **6. COMMENTS OF THE CHIEF FINANCE OFFICER**

6.1 Other than the requirements of the Accounts and Audit Regulations 2015 there are no specific financial implications arising from this report.

## **7. COMMENTS OF LEGAL SERVICES**

7.1 The Accounts and Audit Regulations 2015 require a local authority to conduct an annual review of the effectiveness of their system of financial control and to prepare an annual governance statement. There is no statutory requirement for an annual review of the Code of Corporate Governance but conducting an annual review demonstrates best practice.

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### **Linked Reports, Appendices and Background Documents**

#### **Linked Report**

- Previous yearly update reports to the Audit Committee.

#### **Appendices**

- Appendix 1 - The Code of Corporate Governance 2021

#### **Local Government Act, 1972 Section 100D (As amended) List of “Background Papers” used in the preparation of this report**

- None

#### **Officer contact details for documents:**

N/A