

3<sup>rd</sup> June 2019

## Code of Corporate Governance

### Purpose of Report

The report presents a revised Code of Corporate Governance.

### Freedom of Information and Schedule 12A of the Local Government Act 1972

Under the Freedom of Information Act this paper and any appendices will be made available under the Mayoral Combined Authority Publication Scheme.

### Recommendations

The Mayoral Combined Authority is asked to consider the revised Code of Corporate Governance.

## 1. Introduction

- 1.1 The scope of SCR's governance and internal control framework spans the whole of the organisation's activities and, as recommended in the CIPFA/SOLACE Framework ***Delivering Good Governance in Local Government 2016***, is described in SCR's local Code of Corporate Governance. This Code stands as the overall statement of the Mayoral Combined Authority's and Local Enterprise Partnership corporate governance principles and commitment. The Code demonstrates that the MCA and LEP's governance arrangements comply with the core and sub-principles contained in the Framework.
- 1.2 Further to endorsement by the Audit and Standards Committee at their meeting in April, this report presents a revised Code of Corporate Governance for approval by the Mayoral Combined Authority.

## 2. Proposal and justification

- 2.1 As part of the Annual Governance Review for 18/19 the Code of Corporate Governance has been reviewed and, as a reflection of the maturity of the organisation, a number of additional commitments to the Code of Corporate Governance are proposed. These are detailed in the following sections:
- 2.2 At section 3.1 - **Good governance means ensuring Officers behave with integrity, demonstrate a strong commitment to ethical values and respect for the rule of the law** – a commitment to 'strive to attain and optimise the use of full powers available for the benefit of citizens, communities and other stakeholders' has been added.

- 2.3** At section 3.2 - **Good governance means ensuring openness and comprehensive stakeholder engagement** – a commitment has been added that, where appropriate, the MCA and LEP will seek to:
- Encourage, collect and evaluate the views and experiences of communities, citizens and service users and organisations of different backgrounds.
  - Implement effective feedback mechanisms in order to demonstrate how views have been taken into account.
  - Balance feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity
- 2.4** At section 3.4 - **Good governance means determining the interventions necessary to optimise the achievement of the intended outcomes** - a commitment to 'engage with internal and external stakeholders in determining how courses of actions should be planned and delivered' has been added.
- 2.5** At section 3.5 - **Good governance means developing the entity's capacity, including the capability of its leadership and the individuals within it** - additional commitments have been made to:
- Develop and maintain an effective workforce plan to enhance the strategic allocation of resources
  - Take steps to consider leadership effectiveness and ensure leaders are open to constructive feedback from peer review and inspections
  - Hold staff to account through regular performance reviews which take account of training or development needs
  - Ensure arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing
- 2.6** At section 3.6 - **Good governance means risks and performance are managed through robust internal control and strong public financial management** - additional commitments have been made to:
- Ensure effective arrangements are in place regarding data, including personal data
  - Ensure financial management supports both long terms achievement of outcomes and short-term financial and operational performance
- 2.7** At section 3.7 - **Good governance means good practices in transparency, reporting and audit to deliver effective accountability are implemented** - additional commitments have been made to:
- Welcome peer challenge, reviews and inspections from regulatory bodies
- 2.8** The 2019/20 Annual Governance Review will assess compliance with these additional commitments.

### **3. Consideration of alternative approaches**

- 3.1** The Code of Corporate Governance is an essential requirement of good governance.

### **4. Implications**

#### **4.1 Financial**

The risk associated with poor governance practice could result in poor financial decision making and, in consideration of Local Growth Fund and other monies distributed from central government, could result in material financial penalties including the withholding or reduction in grant received.

#### **4.2 Legal**

Failure to comply with the principles of good governance ultimately could lead to and External Audit opinion qualification. Additionally, in the context of LEP governance could result in MHCLG intervention.

#### **4.3 Risk Management**

Risk management is an important and integral part of good governance. SCR's strategic risk management approach contributes to identifying ways in which to strengthen governance arrangements.

#### **4.4 Equality, Diversity and Social Inclusion**

There are no equality, diversity or social inclusion issues in relation to this update.

### **5.**

#### **Communications**

5.1 The activity described in this paper is internally focussed however it will culminate in the publication of the Annual Governance Statement alongside the Authority's accounts.

### **6. Appendices/Annexes**

6.1 Annex A – Revised Code of Corporate Governance

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Background papers used in the preparation of this report are available for inspection at: 11 Broad Street West, Sheffield S1 2BQ

Other sources and references: n/a