

**FINANCE, AUDIT & RISK COMMITTEE**  
**25th March 2026**

**\*PART 1 – PUBLIC DOCUMENT**

**TITLE OF REPORT: LOCAL CODE OF CORPORATE GOVERNANCE 2026**

**REPORT OF: POLICY & COMMUNITY MANAGER**

**EXECUTIVE MEMBER: [NON-EXECUTIVE FUNCTION]**

**COUNCIL PRIORITY: THRIVING COMMUNITIES / ACCESSIBLE SERVICES / RESPONSIBLE GROWTH / SUSTAINABILITY**

**1. EXECUTIVE SUMMARY**

1.1. For the Finance, Audit & Risk Committee to approve the Local Code of Corporate Governance for 2026.

**2. RECOMMENDATIONS**

2.1. Approve the Local Code of Corporate Governance 2026 (Appendix A).

**3. REASONS FOR RECOMMENDATIONS**

3.1 It is recommended practice to review the Local Code of Corporate Governance each year to ensure it remains up to date and relevant.

**4. ALTERNATIVE OPTIONS CONSIDERED**

4.1. There are no alternative options to be considered as not agreeing the Local Code would impact on the ability to achieve good governance reporting which has wider service, compliance, and reputational implications.

**5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS**

5.1 The Leadership Team have reviewed the proposed Local Code for 2026 due to changes to the template and contents compared to previous years.

**6. FORWARD PLAN**

6.1 This report does not contain a recommendation on a key Executive decision and has therefore not been referred to in the Forward Plan.

**7. BACKGROUND**

7.1 It is recommended good practice for the Local Code of Corporate Governance ('the Local Code') to be reviewed annually. It was last updated in March 2025. It was based on the

(2016) CIPFA/SOLACE Framework Delivering Good Governance in Local Government Framework 2016 Edition principles) This remains the basis for an assessment of governance arrangements for the 2025/26 period.

- 7.2 As defined by CIPFA, governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved. The Local Code 2026 will be used to inform the Annual Governance Statement (AGS) for 2025/26, which demonstrates how effectively our core policies and procedures work in practice.
- 7.3 The Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) published an Addendum on the guidance for the framework in May 2025. The aims of the Addendum are to support good governance in the sector, reflect the changes affecting governance in local government bodies since 2016, encourage robust reviews of governance arrangements and improve accountability to stakeholders, including local communities. In line with guidance from CIPFA, the addendum was considered and partially embedded for the AGS compiled in 2024/25. The advice in the addendum will be fully embedded when compiling the AGS for 2025/26 as set out in the Local Code for 2026.
- 7.4 The Framework Principles A and B and their related subprinciples provide the overarching requirements for acting in the public interest. Principles C to G and their related subprinciples focus on the implementation of governance and achievement of outcomes.
- 7.5 When the Code is approved by this Committee, it will be placed on the NHC Corporate Governance webpage. Confirmation of the updated Code shall be provided to Members through the MIS process and to employees via the *Insight* monthly staff briefing. The Code and the CIPFA/SOLACE Framework will then provide the effective scheme against which a review of effectiveness is undertaken and the AGS 2025/26 prepared.

## **8. RELEVANT CONSIDERATIONS**

- 8.1. The Local Code 2026 is at Appendix A and follows a different format from that used in previous years. Following officer training on delivering good governance provided by CIPFA, an amendment to the Local Code template and contents was implemented to align with best practice recommended by CIPFA and SOLACE. The Local Code has previously covered the content of the seven core principles that form the 'Delivering Good Governance in Local Government Framework'. This year's Local Code now includes the specific governance arrangements, policies and procedures that North Herts Council has in place which demonstrate compliance with the principles. This will allow the AGS itself to focus more sharply on reviewing the effectiveness of these arrangements and how they work in practice.
- 8.2. The CIPFA Position Statement on Audit Committees in Local Authorities and Police 2022 outlines that 'Audit committees are a key component of an authority's governance framework. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. The committee's role in ensuring that there is sufficient assurance over governance, risk, and control gives greater confidence to all those charged with governance that those arrangements are effective.

## **9. LEGAL IMPLICATIONS**

- 9.1. The Terms of Reference of this Committee under 10.1.5(i) are: “To ensure that an annual review of the effectiveness of internal controls (accounting records, supporting records and financial) systems is undertaken and this review considered before approving the Annual Governance Statement.” Review and approval of the AGS is a non-executive function and falls within the Committee’s remit.
- 9.2 The Accounts and Audit Regulations 2015 require smaller authorities, each financial year, to conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement in accordance with proper practices in relation to accounts. The Local Code provides the framework for the council to comply with these regulations and demonstrates how North Herts Council facilitates the effective exercise of its functions and achievement of its aims.

## **10. FINANCIAL IMPLICATIONS**

- 10.1 There are no direct financial implications arising from this report.

## **11. RISK IMPLICATIONS**

- 11.1. Good Risk Management supports and enhances the decision-making process, increasing the likelihood of the Council meeting its objectives and enabling it to respond quickly and effectively to change. When taking decisions, risks and opportunities must be considered.
- 11.2 Ineffective corporate governance arrangements have a number of inherent risks in the context of organisational management, the use of resources and service delivery. Approving, and subsequently following, a Local Code of Corporate Governance based on the national CIPFA/ SOLACE Framework is a means of mitigating potential risks.

## **12. EQUALITIES IMPLICATIONS**

- 12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2 There are no direct equality implications of this report. Where relevant, the Council’s arrangements have been assessed against the 2016 Framework Principles. In respect of those arrangements, the upcoming Leadership AGS self-assessment identifies the procedures in place and any outcomes and will have considered the draft addendum. Council reports include any equality implications and are assessed by the Policy & Strategy Team. Where appropriate an impact assessment will be undertaken, and mitigation measures identified by the report author and Policy & Strategy team. The Policy & Strategy team undertake an Annual Cumulative Equality Impact Assessment of these and publish it on the Council’s website<sup>1</sup>.

## **13. SOCIAL VALUE IMPLICATIONS**

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<sup>1</sup> [https://www.north-herts.gov.uk/sites/default/files/2024-10/Cumulative%20Equality%20Assessment%202023-24%20final\\_0.pdf](https://www.north-herts.gov.uk/sites/default/files/2024-10/Cumulative%20Equality%20Assessment%202023-24%20final_0.pdf)

13.1 The Social Value Act and “go local” policy do not apply to this report.

#### **14. ENVIRONMENTAL IMPLICATIONS**

14.1 There are no known Environmental impacts or requirements that apply to this report.

#### **15. HUMAN RESOURCE IMPLICATIONS**

15.1 There are no direct human resource implications relating to this report.

#### **16. APPENDICES**

16.1 Local Code of Governance 2026 (Appendix A)

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#### **18. BACKGROUND PAPERS**

18.1 [Delivering Good Governance in Local Government Addendum](#)