



Local Code of Corporate Governance

1 INTRODUCTION

Governance

- 1.1 The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is protected, accounted for and used economically, efficiently and effectively.
- 1.2 In discharging this accountability, members and officers have a responsibility to set in place proper arrangements for the governance of the Council's affairs and stewardship of the public reserves at its disposal. The Council also has a duty under the Local Government Act 1999 to ensure continuous improvement in the way it does things, having regard to a combination of economy, efficiency and effectiveness.
- 1.3 In order to ensure that it conducts its business properly and to support the process of continuous improvement, the Council has approved and adopted this Code of Corporate Governance (the 'Code').
- 1.4 Corporate governance comprises the systems and processes we use to ensure that the Council is doing the right things, in the right way, for the right people in a timely, inclusive, open and accountable manner. The Code describes how the Council will do this and has been drafted in accordance with the six Core Principles for effective governance set out in the CIPFA / SOLACE Framework for Delivering Good Governance in Local Government, as updated in May 2010 to reflect the CIPFA Statement on the role of the Chief Financial Officer in Local Government.

Leadership

- 1.5 Good governance leads to good management, good performance, proper stewardship of public money, effective public engagement and, ultimately, good outcomes for residents and service users. Good governance enables the Council to pursue its vision effectively as well as underpinning that vision with mechanisms for the control and management of risk.
- 1.6 Effective leadership is at the heart of good governance. In order to ensure effective leadership and governance, the Council commits itself to the following principles:

- **Openness**

Being open and inclusive in what we do so that all interested parties are confident in our organisational values. Being open in the disclosure of information leads to effective, timely action and supports the Scrutiny process and aids accountability.

- **Integrity**

Ensure and demonstrate that our actions are based on honesty, selflessness, objectivity and the high standards of conduct required in the management of public funds.

- **Accountability**

The process whereby officers of the Council and elected Members are responsible for their actions. This is achieved by all parties having a clear understanding of their responsibilities, and having clearly defined roles within a robust structure with integrity and openness.

1.7 The six Core Principles upon which good governance should be built are:

- a focus on the purpose of the Council and on outcomes for the community including residents and service users and creating and implementing a vision for the County;
- members and officers working together to achieve a common purpose with clearly defined functions and roles;
- promoting the values of the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
- informed and transparent decisions which are subject to effective scrutiny and risk management;
- development of the capacity and capability of members to be effective and ensuring that officers – including the statutory officers – also have the capability and capacity to deliver effectively; and
- engagement with local people and other stakeholders to ensure robust local public accountability.

1.8 Arrangements have been made to ensure that these Core Principles are fully integrated into the conduct of the Council's business as well as providing a means of demonstrating compliance. The Council will monitor the governance arrangements and undertake an annual review to ensure their effectiveness and the effectiveness of the system of internal control that supports their delivery.

2 THE CODE OF CORPORATE GOVERNANCE

The way that the Council will put into practice each of the Core Principles of good governance is detailed below. The key Council documents and procedures supporting good governance are listed in the Appendix.

2.1 Core principle 1

Focus upon the purpose of the Council and on outcomes for the community including residents and service users and creating and implementing a vision for the County.

Supporting principles:

- exercising strategic leadership by clearly communicating the Council's purpose and vision and its intended outcomes for residents and service users;
- ensuring that users receive a high quality of service whether provided directly, by contract, in partnership or by commissioning; and
- ensuring that the Council makes the best use of its resources and that residents and service users receive value for money.

To achieve this, the Council will:

- make a clear statement of the Council's purpose and vision and use it as a basis for corporate and service planning and shaping the Sustainable Communities Strategy and Local Area Agreement;
- review on a regular basis the Council's vision for the County and its impact on the Council's governance and financial arrangements;
- publish an annual report on a timely basis to communicate the Council's activities and achievements, its financial position and performance;
- ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all parties;
- decide how the quality of service for service users is to be measured and make sure that the information needed to review service quality effectively and regularly is publicly available including links between activity, costs and performance;
- put in place effective arrangements to deal with failure in service delivery as part of a performance management system;
- decide how value for money is to be measured and make sure that the Council or partnership has the information needed to review value for money and performance effectively. Measure the environmental impact of policies, plans and decisions;
- Ensure that timely, accurate and impartial advice and information is provided to assist in decision making and to ensure that the Council meets its policy and service objectives and provide effective stewardship of public money and value for money in its use;
- Ensure that the Council maintains a prudential financial framework; keeps its commitments in balance with available resources; monitors income and

- expenditure levels to ensure that this balance is maintained and takes corrective action when necessary; and
- Ensures compliance with CIPFA's Code on a Prudential Framework for LA Capital Finance and CIPFA's Treasury Management Code.

2.2 Core Principle 2

Members and officers working together to achieve a common purpose with clearly defined functions and roles.

Supporting principles

- ensuring effective leadership throughout the Council by being clear about executive and non-executive functions and of the roles and responsibilities of the Scrutiny function;
- ensuring that a constructive working relationship exists between elected members and officers and that the responsibilities of members and officers are mutually understood and respected and carried out to a high standard; and
- ensuring relationships between the Council and the public are clear so that each know what to expect of the other.

To achieve this, the Council will:

- set out a clear statement of the respective roles and responsibilities of the executive and of the executive's members individually and of Scrutiny;
- set out a clear statement of the respective roles and responsibilities of other members, members generally, senior officers and of the leadership team and its members individually;
- Ensure that the CFO reports directly to the Chief Executive and is a member of the leadership team with a status at least equivalent to other members. If different organisational arrangements are adopted, explain the reasons publicly, together with how these deliver the same impact
- determine a scheme of delegated and reserved powers within the Constitution, including a formal schedule of those matters specifically reserved for collective decision of the Council, taking account of relevant legislation and ensure that it is monitored and updated when required;
- make the Chief Executive as Head of Paid Service responsible and accountable to the Council for all aspects of operational management;
- Ensure that the Council's governance arrangements allow the CFO direct access to the CEO and to other leadership team members
- develop protocols to ensure that the Leader and Chief Executive negotiate and communicate their respective roles and that a shared understanding of roles and objectives is maintained;
- make the Section. 151 Officer responsible to the Council for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, for maintaining an effective system of internal financial control

- Appoint a professionally qualified CFO whose core responsibilities include those set out in the Statement on the Role of the CFO in Local Government and ensure that they are properly understood throughout the Council
- Ensure that the CFO has a line of professional accountability for finance staff throughout the Council and leads the promotion and delivery by the whole Council of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively
- Ensure that budget calculations are robust and reserves adequate, in line with CIPFA guidance
- Ensure that appropriate management accounting systems, functions and controls are in place so that finances are kept under review on a regular basis. These systems, functions and controls should apply consistently to all activities including partnership arrangements, outsourcing or where the Council is acting in an enabling role
- make the Monitoring Officer responsible to the Council for ensuring the lawfulness and fairness of decision making and ensuring that members and officers are kept up to date with the changing legislative requirements of Local Government;
- develop protocols to ensure effective communication between members and officers in their respective roles;
- set out the terms and conditions for remuneration of members and officers and an effective structure for managing the process including an effective remuneration panel;
- ensure that effective mechanisms exist to monitor service delivery;
- ensure that the Council's vision, corporate outcomes, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated;
- Establish a medium term business and financial planning process to deliver strategic objectives including a medium term financial strategy to ensure sustainable finances, a robust annual budget process that ensure financial balance and a monitoring process that enables this to be delivered;
- Ensure that the medium term business and financial plan is subject to regular review to confirm the continuing relevance of assumptions used
- when working in partnership ensure that members are clear about their roles and responsibilities both individually and collectively in relation to the partnership and to the Council; and
- when working in partnership ensure that there is clarity about the legal status of the partnership, and ensure that representatives or organisations both understand and make clear to all other partners the extent of their authority to bind the organisation to partner decisions.

2.3 Core Principle 3

Promoting the values of the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour.

Supporting Principles

- ensuring Council members and officers exercise leadership by behaving in ways that exemplify high standards and effective governance; and
- ensuring that organisational values are put into practice and are effective.

To achieve this, the Council will:

- ensure that the Council's leadership sets a tone for the organisation by creating a climate of openness, integrity and accountability;
- ensure that standards of conduct and personal behaviour expected of councillors and staff, and of relationships between councillors, staff and the Council, its partners and the community are defined and communicated through codes of conduct and protocols;
- publicly put in place arrangements to ensure that members and employees of the Council are not influenced or seen to be influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practice;
- maintain and make publicly available a register of member's interests, hospitality and company's hospitality and interests;
- develop and maintain shared values including leadership values for both the organisation and its staff reflecting public expectations about the conduct and communicate these with members, staff, the community and partners through the medium of the Council's leadership competencies framework;
- put in place arrangements to ensure that procedures and operations, including those for financial administration, financial control and protection of the Council's resources and assets, are designed in conformity with appropriate ethical standards, and monitor continuing effectiveness in practice;
- develop and maintain an effective standards committee to act as the main means of raising awareness and ensuring that high standards of conduct are firmly embedded in the culture of the Council;
- use the Council's leadership framework to act as a guide for decision making and as a basis for developing positive and trusting relationships within the Council; and
- in delivering the outcomes of a partnership, agree a set of values against which decision making and actions can be judged. Such values must be demonstrated by partners' behaviour both individually and collectively;

2.4 Core Principle 4

Taking informed and transparent decisions which are subject to effective Scrutiny and risk management.

Supporting principles

- Exercising leadership by being rigorous and transparent about how decisions are taken and listening to and acting upon the outcome of constructive scrutiny;
- having good-quality information, advice and support to ensure that service outcomes are delivered effectively and in line with the needs of the community;
- ensuring that an effective risk management system is in place and fully used; and
- using the legal powers available to us to the full benefit of the residents and communities in our area.

To achieve this, the Council will:

- develop and maintain an effective scrutiny function which encourages constructive challenge, develops policy, assesses high quality as well as low performance and enhances the Council's performance overall and that of any other organisation for which it is responsible and which enables community leadership by the Council;
- Ensure an effective internal audit function is resourced and maintained
- develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based;
- put in place arrangements to safeguard members and officers against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practice;
- ensure that effective transparent and accessible arrangements are in place for dealing corporately with complaints;
- ensure that those making decisions whether for the Council or a partnership are provided with information that is fit for the purpose, relevant, timely and gives clear explanations of technical issues and their implications;
- Ensure the provision of clear, well presented, timely, complete and accurate information and reports to budget managers and senior officers on the budgetary and financial performance of the Council;
- ensure that professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making and used appropriately;
- Ensure that advice is provided on the level of reserves and balances in accordance with good practice guidance (Local Authority Reserves and Balances);
- Ensure that risk management is embedded into the culture of the Council, with members and managers at all levels recognising that risk management is part of their jobs. Ensure the Council's arrangements for financial and other internal control and for managing risk are addressed in annual governance reports;
- ensure that arrangements are in place for whistle-blowing to which all staff and all those contracting with the Council have access;

- Actively recognise the limits of lawful activity placed on them by, for example, the ultra vires doctrine but also strive to utilise powers to the full benefit of their communities; and
- develop and support an effective audit committee which is independent of the executive and scrutiny functions. Ensure that the Council's governance arrangements allow the CFO direct access to the audit committee and external audit.

2.5 Core Principle 5

Developing the capacity and capability of members and officers to be effective.

Supporting principles

- making sure that members and officers have the behavioural competencies skills, knowledge, experience and resources they need to perform well in their roles;
- support members to develop their community engagement and empowerment role;
- developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group; and
- encouraging new members of the community to become councillors so that best use can be made of resources in balancing continuity and renewal.

To achieve this, the Council will:

- provide induction and continuous updating programmes tailored to individual needs and opportunities for members and officers to update their knowledge on a regular basis;
- ensure that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the Council;
- The CFO's non financial responsibilities do not conflict with financial responsibilities ;
- assess the skills required by members and officers and make a commitment to develop those skills to enable roles to be carried out effectively;
- develop skills on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed;
- ensure that effective arrangements are in place for reviewing the performance of the executive as a whole and of individual members and agreeing an action plan which might, for example, aim to address any training or development needs;
- put in place effective arrangements designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the Council;

- actively encourage residents of the County from all parts of the community to put themselves forward for election as members of the Council; and
- ensure that career structures are in place for members and officers to encourage participation and development.

2.6 Core Principle 6

Engaging with local people and other stakeholders to ensure robust local public accountability

Supporting principles

- exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders including partnerships, and develops constructive accountability relationships;
- taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the Council, through contracts, in partnership or by commissioning; and
- making best use of human resources by taking an active and planned approach to manage and meet the Council's obligations to staff.

To achieve this, the Council will:

- make clear to itself, all staff and the community, to whom they are accountable and for what;
- consider those institutional stakeholders to whom they are accountable and assess the effectiveness of the relationships and any changes required;
- produce an annual report on the activity of the scrutiny function;
- ensure that clear channels of communication are in place with the community and other stakeholders, and put in place monitoring arrangements to ensure that they operate effectively;
- hold meetings in public unless there are legally justifiable reasons for confidentiality;
- ensure that arrangements are in place to enable the Council to engage with all sections of the community effectively;
- establish a clear policy on the types of issues they will meaningfully consult on or engage with the public and service users about including a feedback mechanism for those consulted to demonstrate what has changed as a result;
- on an annual basis, publish a performance plan giving information on the Council's vision, strategy, plans and financial statements as well as information about its outcomes, achievements and the satisfaction of service users in the previous period;
- ensure that the Council as a whole is open and accessible to the community, service users and its staff and ensure that it has made a commitment to openness and transparency in all its dealings, including

partnerships, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so; and

- develop and maintain a clear policy on how staff and their representatives are consulted and recognised.

3 MONITORING AND REPORTING

3.1 The Council will undertake an annual review of its governance arrangements to ensure continuing compliance with best practice to provide assurance that:

- corporate governance arrangements are adequate and operating effectively in practice; and
- where reviews of the corporate governance arrangements have revealed gaps, action is planned that will ensure effective governance in future.

3.2 The Council will prepare an Annual Governance Statement which will be submitted to the Audit Committee for consideration. In order to ensure compliance with the Code, the Council has introduced a series of Statements of Required Practice ('SORPs') which outline the Council's requirements in respect of number of core practices in order to deliver effective, professional and value for money services.

3.3 The Governance Statement will include:

- an acknowledgement of responsibility for ensuring there is a sound system of governance and system of internal control;
- a brief description of the key elements of the governance arrangements;
- a brief description of the process that has been applied in maintaining and reviewing the effectiveness of the governance arrangements;
- an evaluation of the level of assurance that the systems and processes that comprise the Council's governance arrangements can provide; and
- an outline of the actions taken, or proposed, to deal with significant governance and internal control issues.

3.4 The Annual Governance Statement will be signed by the Leader and Chief Executive on behalf of the Council.

3.5 In reviewing and approving the Annual Governance Statement, members will be provided with detailed information regarding the effectiveness of the governance arrangements and system of internal control and how these address the key risks faced by the Council. Those Assurances will be available from a wide range of sources, including internal and external audit, a range of external inspectorates and managers from across the Council. Management will provide the primary source of assurance.

3.6 The Council will continually strive to establish an assurance framework, embedded into its business processes, that maps corporate outcomes to risks, controls and assurances. This framework and regular reports on its application and effectiveness will provide members with assurances to support the Annual

Governance Statement and will help members to identify whether corporate outcomes and significant business risks are being properly managed.

3.7 The system of triggers for action from managers to members is set out below.

