

LOCAL CODE OF GOVERNANCE

What do we mean by Governance?

1. Governance is about how the Council ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.
2. Governance comprises the systems and processes, and cultures and values, by which the Council is directed and controlled and through which it accounts to, engages with and, where appropriate, leads its communities.
3. Good governance leads to:-
 - (a) Good management,
 - (b) Good performance,
 - (c) Good stewardship of public money,
 - (d) Good public engagement,
 - (e) Good outcomes for citizens and service users.
4. Good governance enables the Council to pursue its vision effectively as well as underpinning that vision with mechanisms for control and management of risk.
5. The Council, along with each and every other local authority, aims to meet the standards of the best and its governance arrangements should not only be sound but also be seen to be sound.

Governance Framework

6. The Council operates through a governance framework which brings together an underlying set of legislative requirements, governance principles and management processes.
7. This framework document is intended to be followed as best practice for developing and maintaining a local code of governance and for discharging accountability for the proper conduct of public business, through the publication of an annual governance statement that will make the adopted practice open and explicit.

The Council's Commitment

8. The Council is committed to the principles of good governance and wishes to confirm its ongoing commitment and intentions through this Local Code of Governance.

9. This Code sets out and describes the Council's commitment to governance and identifies the arrangements that have been and will continue to be made to ensure its ongoing effective implementation and application in all aspects of the Council's work.
10. Accordingly, the Council will test its arrangements by:-
 - reviewing its existing governance arrangements against this revised code,
 - maintaining an up-to-date local code of governance including arrangements for ensuring its ongoing application and effectiveness,
 - on an annual basis, prepare a governance statement in order to report publicly on the extent to which the Council complies with this code, including how the effectiveness of its governance arrangements have been monitored in the year and on any planned changes in the coming period.

The Principles of Good Governance

11. Over recent years, a number of reports have been published identifying standards and / or principles that should be adopted by all public sector organisations (eg. The Cadbury Report 1992, the Nolan Committee 1995 and the Model Code of Conduct for Members).
12. A Working Group drawn together by the Chartered Institute of Public Finance & Accountancy (CIPFA), the Society of Local Authority Chief Executives and Senior Officers (SOLACE), the Local Government Association (LGA) and the Audit Commission produced "Delivering Good Governance in Local Government : Framework" and an accompanying guidance note in 2012. This framework has recently been revised and this code has been reviewed in the light of the new guidance.
13. The new framework document prescribes seven core principles, which are set out below.

The Principles of good governance in the public sector

Principal A – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

The Council is accountable not only for how much it spends, but also for how it uses the resources under its stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes it has achieved. In addition, it has an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential

that, as a whole, it can demonstrate the appropriateness of its actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

The Council demonstrates this by:-

- Ensuring that members take the lead in establishing values for the Council and its staff that build on the principles of public life.
- Ensuring members and officers behave with integrity and lead a culture of acting in the public interest.
- Leading by example and using these values as a framework for decision making.
- Demonstrating, communicating and embedding these values through appropriate policies and processes.
- Ensuring that statutory officers and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements.
- Dealing with breaches of legal and regulatory provisions effectively.
- Ensuring corruption and misuse of power are dealt with effectively.

Principal B – Ensuring openness and comprehensive stakeholder engagement

The Council is run for the public good and must ensure openness in its activities. Clear trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders such as individual citizens and service users, as well as institutional stakeholders.

The Council demonstrates this by:-

- Monitoring the Council's ethical standard and performance.
- Underpinning personal behaviour with ethical values that run through all aspects of the Council's culture and operation.
- Ensuring that external providers of services on behalf of the Council are required to act with integrity and high ethical standards.
- Ensuring that members and staff adhere to relevant laws and regulations.
- Making decisions that are open about actions, plans, resource use, outputs and outcomes.
- Providing clear reasoning and evidence for decisions.

- Using consultation and engagement mechanisms to determine the most appropriate and effective courses of action.
- Actively engaging with institutional stakeholders.
- Developing formal and informal partnerships.
- Ensuring that partnerships are based on trust, a shared commitment to change and challenge.
- Establishing a clear policy on the types of issues that the Council will consult upon and with whom.
- Ensuring that communication methods are effective.
- Encouraging, collecting and evaluating the views of all service users and implementing effective feedback mechanisms.
- Taking account of the interests of future generations.

Principal C – Defining outcomes in terms of sustainable economic, social and environmental benefits

The long-term nature and impact of many of the Council's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the Council's purpose, contribute to intended benefits and outcomes and remain within the limits of authority and resources. Input from all groups of stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.

The Council demonstrates this by:-

- Having a clear vision of the Council's purpose and intended outcomes with appropriate measures of performance.
- Specifying the intended impact on stakeholders.
- Identifying and managing risks to the achievement of outcomes.
- Managing service user's expectations effectively.
- Considering and balancing the impact of decisions about service provision.
- Taking a longer term view with regard to decision making.
- Determining the wider public interest in achieving the various economic, social and environmental benefits.
- Ensuring fair access to services.

Principal D – Determining the interventions necessary to optimise the achievement of the intended outcomes

The Council achieves its intended outcomes by providing a mixture of legal, regulatory, and practical courses of action. Determining the right mix of these is a critically important strategic choice that the Council

has to make to ensure intended outcomes are achieved. They need robust decision making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.

The Council demonstrates this by:

- Ensuring decision makers receive objective and rigorous analysis of available options including risks.
- Considering feedback from citizens and service users when making decisions about service provision.
- Establishing and implementing robust planning and control.
- Engaging with all stakeholders in determining how services should be planned and delivered.
- Ensuring arrangements are flexible and capable of adapting to changing circumstances.
- Establishing key performance indicators.
- Ensuring sufficient capacity exists to review service provision regularly.
- Preparing budgets in accordance with objectives, strategies and the medium term financial plan.
- Drawing up realistic estimates of revenue and capital expenditure.
- Ensuring the medium term financial strategy balances service priorities, affordability and other resources constraints.
- Ensuring the medium term financial strategy sets the context for ongoing decisions on service delivery.
- Ensuring the budget process is all inclusive.
- Ensuring the achievement of social value through service planning and commissioning.

Principal E – Developing the council's capacity including the capability of its leadership and the individuals within it.

The Council needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively and achieve intended outcomes within the specified periods.

The Council must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the Council as a whole.

As individuals and the environment in which the Council operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership at the Council is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of its communities.

The Council demonstrates this by:-

- Reviewing operations, performance and use of assets on a regular basis.
- Improving resource use by research and benchmarking.
- Recognising the benefits of partnership and collaborative working.
- Developing and maintaining an effective workforce plan.
- Developing protocols to ensure that elected and appointed members are clear on their roles and objectives.
- Being clear on what types of decisions can be made by officers and members.
- Ensuring the Leader and Chief Executive have clearly defined leadership roles.
- Developing the capabilities of members and senior officers to achieve effective shared leadership.
- Ensuring there are structures in place to encourage public participation.
- Being open to constructive feedback from peer review and inspections.
- Holding staff to account through regular performance reviews.
- Ensuring arrangements are in place to maintain the health and wellbeing of the workforce.

Principal F – Managing risks and performance through robust internal control and strong public financial management

The Council needs to ensure that the organisations and governance structures that it oversees have implemented and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services

Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities.

A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability.

It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review.

A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery. This culture does not happen automatically and requires repeated public commitment from those in authority.

The Council demonstrates this by:-

- Recognising that risk management is an integral part of all activities.
- Implementing robust risk management arrangements and ensuring that they are working effectively.
- Ensuring that responsibilities for managing individual risks are clearly allocated.
- Monitoring service delivery.
- Making decisions based on clear objective analysis and advice highlighting risks.
- Ensuring an effective scrutiny or oversight function is in place.
- Providing members and senior management with regular reports on service delivery.
- Ensuring there is a consistent approach to budgets and financial statements.
- Aligning the risk management strategy and policies on internal control with achieving the objectives.
- Evaluating and monitoring risk management and internal control on a regular basis.
- Ensuring effective counter fraud and anti-corruption arrangements are in place.
- Ensuring an adequate and effective internal audit function is in place.
- Ensuring an independent audit committee or equivalent provides a source of assurance.
- Effective arrangements are in place for the safe collection, storage, use and sharing of data.
- Reviewing and auditing regularly the quality and accuracy of data used in decision making.
- Ensuring financial management supports both long term achievement of outcomes and short term financial and operational performance.

- Ensuring well developed financial management at all levels.

Principle G – Implementing good practices in transparency, reporting and audit to deliver effective accountability

Accountability is about ensuring those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the Council plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

The Council demonstrates this by:

- Writing and communicating reports in an understandable style appropriate to the intended audience.
- Striking a balance between transparency and not being too onerous to provide and for users to understand.
- Reporting at least annually on performance, value for money and the use of its resources.
- Ensuring members and senior management are accountable for the results reported.
- Ensuring that the core principles are applied to jointly managed or shared service organisation.
- Ensuring that the performance information that accompanies the financial statements is prepared on a consistent and timely basis.
- Ensuring that recommendations for corrective action made by external audit are acted upon.
- Maintaining an effective internal audit service with direct access to members and whose recommendations are acted upon.
- Welcoming peer challenge, reviews and inspections from regulatory bodies.
- Gaining assurance on risk associated with delivering services through third parties.
- Ensuring that when working in partnership, arrangements for accountability are clear.

Monitoring and Review

14. The Council will carry out an ongoing review and monitoring of its governance arrangements and how these arrangements comply with the CIPFA / SOLACE framework document and this Local Code.
15. This review and monitoring will be co-ordinated by the Council's Governance Group and will include references to:-
 - Directors' & Heads of Service's Management Assurance Statements
 - Constitution Review arrangements
 - Ethics arrangements
 - Annual Head of Assurance Report
 - Performance Management arrangements
 - Risk Management arrangements
 - External Auditors' Reports
16. The results of this process will be incorporated into an Annual Governance Statement (AGS), the preparation and publication of which is necessary to meet the statutory requirement of the Accounts and Audit Regulations (England) 2015.
17. The purpose of the AGS is to provide an assurance that:-
 - governance arrangements are adequate and operating effectively
 - where the review has revealed gaps, action is planned that will ensure effective governance in future
18. The AGS will be considered by the Governance Group and the Executive Board before being presented to the Audit Committee.
19. Once approved, the AGS will be signed by the Leader of the Council and the Chief Executive and will be published with the Annual Statement of Accounts, prior to being reviewed by the Council's External Auditors.