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# Local Code of Governance

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**Owner: A Hill**

## **1. INTRODUCTION**

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.

The council operates through a governance framework which brings together an underlying set of legislative requirements, governance principles and management processes. The framework comprises the systems, processes, cultures and values, by which the council is directed and controlled, and through which it accounts to, engages with and, where appropriate, leads our communities.

The council recognises the importance of effective corporate governance so that our communities can have faith in the way that it carries out its duties and functions.

This Local Code of Governance has been developed in accordance the latest guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE), entitled "Delivering Good Governance in Local Government (2016)"

The Local Code has seven core principles:

- Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable economic, social and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Developing the council's capacity, including the capability of its leadership and the individuals within it.
- Managing risks and performance through robust internal control and strong public financial management.
- Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

## **2. APPLYING THE PRINCIPLES OF GOOD GOVERNANCE**

The seven core principles each have a number of supporting principles, which in turn have specific requirements that apply across the council's business underpinning the governance framework. These are as follows:

**PRINCIPLE ONE:**

**Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.**

<b>Supporting Principle</b>	<b>The local code requires the council to:</b>
<b>Behaving with integrity</b>	<ul style="list-style-type: none"><li>• Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation.</li><li>• Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles).</li><li>• Leading by example and using the above standard operating principles or values as a framework for decision making and other actions.</li><li>• Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively.</li></ul>
<b>Demonstrating strong commitment to ethical values</b>	<ul style="list-style-type: none"><li>• Seeking to establish, monitor and maintain the organisation’s ethical standards and performance.</li><li>• Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation’s culture and operation.</li><li>• Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values.</li><li>• Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with ethical standards expected by the organisation.</li></ul>
<b>Respecting the rule of law</b>	<ul style="list-style-type: none"><li>• Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations.</li><li>• Creating the conditions to ensure that the statutory officers, other key post holders, and members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements.</li><li>• Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders.</li><li>• Dealing with breaches of legal and regulatory provisions effectively.</li><li>• Ensuring corruption and misuse of power are dealt with effectively.</li></ul>

**PRINCIPLE TWO:**

**Ensuring openness and comprehensive stakeholder engagement.**

Supporting Principle	The local code requires the council to:
<b>Openness</b>	<ul style="list-style-type: none"> <li>• Ensuring an open culture through demonstrating, documenting and communicating the organisation’s commitment to openness.</li> <li>• Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided.</li> <li>• Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear.</li> <li>• Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action.</li> </ul>
<b>Engaging comprehensively with institutional stakeholders</b>	<p>Note: institutional stakeholders are the other organisations that local government needs to work with to improve services and outcomes (such as commercial partners and suppliers as well as other public or third sector organisations) or organisations to which they are accountable.</p> <ul style="list-style-type: none"> <li>• Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably.</li> <li>• Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively.</li> <li>• Ensuring that partnerships are based on:               <ul style="list-style-type: none"> <li>- trust</li> <li>- a shared commitment to change</li> <li>- a culture that promotes and accepts challenge among partners and</li> </ul>               that the added value of partnership working is explicit.             </li> </ul>
<b>Engaging with individual citizens and service users effectively</b>	<ul style="list-style-type: none"> <li>• Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes.</li> </ul>

	<ul style="list-style-type: none"> <li>• Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement.</li> <li>• Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs.</li> <li>• Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account.</li> <li>• Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity.</li> <li>• Taking account of the impact of decisions on future generations of tax payers and service users.</li> </ul>
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**PRINCIPLE THREE:**

**Defining outcomes in terms of sustainable economic, social and environmental benefits.**

<b>Supporting Principle</b>	<b>The local code requires the council to:</b>
<b>Defining outcomes</b>	<ul style="list-style-type: none"> <li>• Having a clear vision, which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the organisation's overall strategy, planning and other decisions.</li> <li>• Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer.</li> <li>• Delivering defined outcomes on a sustainable basis within the resources that will be available.</li> <li>• Identifying and managing risks to the achievement of outcomes.</li> <li>• Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available.</li> </ul>

<b>Sustainable economic, social and environmental benefits</b>	<ul style="list-style-type: none"> <li>• Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision.</li> <li>• Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation’s intended outcomes and short-term factors such as the political cycle or financial constraints.</li> <li>• Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs.</li> <li>• Ensuring fair access to services.</li> </ul>
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**PRINCIPLE FOUR:**

**Determining the interventions necessary to optimise the achievement of the intended outcomes.**

<b>Supporting Principle</b>	<b>The local code requires the council to:</b>
<b>Determining interventions</b>	<ul style="list-style-type: none"> <li>• Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore ensuring best value is achieved however services are provided.</li> <li>• Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts.</li> </ul>
<b>Planning interventions</b>	<ul style="list-style-type: none"> <li>• Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets.</li> <li>• Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered.</li> <li>• Considering and monitoring risks facing each partner when working collaboratively, including shared risks.</li> <li>• Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances.</li> <li>• Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured.</li> <li>• Ensuring capacity exists to generate the information required to review service quality regularly.</li> </ul>

	<ul style="list-style-type: none"> <li>• Preparing budgets in accordance with objectives, strategies and the medium term financial plan.</li> <li>• Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy.</li> </ul>
<b>Optimising achievement of intended outcomes</b>	<ul style="list-style-type: none"> <li>• Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints.</li> <li>• Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term.</li> <li>• Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage.</li> <li>• Ensuring the achievement of 'social value' through service planning and commissioning.</li> </ul>

**PRINCIPLE FIVE:**

**Developing the council's capacity, including the capability of its leadership and the individuals within it.**

<b>Supporting Principle</b>	<b>The local code requires the council to:</b>
<b>Developing the council's capacity</b>	<ul style="list-style-type: none"> <li>• Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness.</li> <li>• Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently.</li> <li>• Recognising the benefits of partnerships and collaborative working where added value can be achieved.</li> <li>• Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources</li> </ul>
<b>Developing the capability of the council's leadership and other individuals</b>	<ul style="list-style-type: none"> <li>• Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained.</li> <li>• Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body.</li> <li>• Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads in implementing strategy and managing the delivery</li> </ul>

	<p>of services and other outputs set by members and each provides a check and a balance for each other's authority.</p> <ul style="list-style-type: none"> <li>• Developing the capabilities of members and senior management to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by: <ul style="list-style-type: none"> <li>- ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged.</li> <li>- ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis.</li> <li>- ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external.</li> </ul> </li> <li>• Ensuring that there are structures in place to encourage public participation.</li> <li>• Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections.</li> <li>• Holding staff to account through regular performance reviews which take account of training or development needs.</li> <li>• Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing.</li> </ul>
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**PRINCIPLE SIX:**

**Managing risks and performance through robust internal control and strong public financial management.**

<b>Supporting Principle</b>	<b>The local code requires the council to:</b>
<b>Managing risk</b>	<ul style="list-style-type: none"> <li>• Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making.</li> <li>• Implementing robust and integrated risk management arrangements and ensuring that they are working effectively.</li> <li>• Ensuring that responsibilities for managing individual risks are clearly allocated.</li> </ul>
<b>Managing performance</b>	<ul style="list-style-type: none"> <li>• Monitoring service delivery effectively including planning, specification, execution and independent post implementation review.</li> </ul>



	<ul style="list-style-type: none"> <li>• Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation’s financial, social and environmental position and outlook.</li> <li>• Ensuring an effective scrutiny or oversight function is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation’s performance and that of any organisation for which it is responsible.</li> </ul> <p>(Or, for a committee system)</p> <p>Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making.</p> <ul style="list-style-type: none"> <li>• Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement.</li> <li>• Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (eg financial statements).</li> </ul>
<b>Robust internal control</b>	<ul style="list-style-type: none"> <li>• Aligning the risk management strategy and policies on internal control with achieving objectives.</li> <li>• Evaluating and monitoring risk management and internal control on a regular basis.</li> <li>• Ensuring effective counter fraud and anti-corruption arrangements are in place.</li> <li>• Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor.</li> <li>• Ensuring an audit committee or equivalent group/ function, which is independent of the executive and accountable to the governing body: <ul style="list-style-type: none"> <li>- provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment.</li> <li>- that its recommendations are listened to and acted upon.</li> </ul> </li> </ul>
<b>Managing data</b>	<ul style="list-style-type: none"> <li>• Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data.</li> <li>• Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies.</li> <li>• Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring.</li> </ul>

<b>Strong public financial management</b>	<ul style="list-style-type: none"> <li>• Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance.</li> <li>• Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls.</li> </ul>
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**PRINCIPLE SEVEN:**

**Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.**

<b>Supporting Principle</b>	<b>The local code requires the council to:</b>
<b>Implementing good practice in transparency</b>	<ul style="list-style-type: none"> <li>• Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate.</li> <li>• Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand.</li> </ul>
<b>Implementing good practices in reporting</b>	<ul style="list-style-type: none"> <li>• Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way.</li> <li>• Ensuring members and senior management own the results reported.</li> <li>• Ensuring robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the annual governance statement).</li> <li>• Ensuring that this Framework is applied to jointly managed or shared service organisations as appropriate.</li> <li>• Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations.</li> </ul>

<b>Assurance and effective accountability</b>	<ul style="list-style-type: none"><li>• Ensuring that recommendations for corrective action made by external audit are acted upon.</li><li>• Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon.</li><li>• Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations.</li><li>• Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement.</li><li>• Ensuring that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met.</li></ul>
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### **3. ANNUAL REVIEW AND REPORTING**

The council will annually review its corporate governance arrangements to ensure compliance with this Code, and the guidance contained in the CIPFA/SOLACE Framework. It is important that such reviews are reported on both within the council, to the Audit Committee which has delegated responsibility to monitor the development of governance within its terms of reference, and externally to provide assurance that governance arrangements are adequate and operating effectively in practice, or where the review has indicated that the arrangements are not compliant, action is planned that will ensure effective governance in future.

The outcomes of the review will be reported in the form of an Annual Governance Statement which will be prepared on behalf of the Leader of the council and the Chief Executive, and submitted to the council's Audit Committee for consideration, review and approval.

The initial preparation of the Annual Governance Statement will be undertaken by an officer working group which will include the Section 151 Officer, the Monitoring Officer and the Head of Internal Audit.

The process of preparation and publication of the Annual Governance Statement will meet the statutory requirements of the Accounts and Audit Regulations which require relevant authorities to, at least once in each financial year, "conduct a review of the effectiveness of the system of internal control" and prepare an Annual Governance Statement. The Annual Governance Statement will be prepared in accordance with the timetable for the preparation of financial statements.