

<b>REPORT TO</b>	<b>DATE OF MEETING</b>
Governance Committee	26 June 2013

Report template revised June 2008



<b>SUBJECT</b>	<b>PORTFOLIO</b>	<b>AUTHOR</b>	<b>ITEM</b>
Local Code of Governance	Not applicable	M Wood	6(a)

## **SUMMARY AND LINK TO CORPORATE PRIORITIES**

The report presents the revised Local Code of Governance for adoption. Good governance leads to good management, high performance, stewardship of public money, public engagement and ultimately high standards of service. Good governance underpins all services and is part of our culture, therefore it covers all Council activity and all the Council's priorities.

## **RECOMMENDATIONS**

### **Governance**

That the Governance Committee review and comment on the draft Local Code of Governance.

### **Council**

That, subject to the comments of the Governance Committee, Council adopt our revised Local Code of Governance.

## **DETAILS AND REASONING**

Authorities must be able to demonstrate compliance with the principles of good governance. Accordingly in March 2005 a Local Code of Governance was adopted by this Council which complied with the best practice available at that time. We were "ahead of the game" and at that time we based our Local Code on a 2004 publication produced by the Independent Commission on Good Governance in Public Services chaired by Sir Alan Langlands entitled "Good Governance Standard for Public Services".

In 2007 and to assist with developing the approach to good governance in local government the Chartered Institute of Public Finance and Accountancy and the Society of Local Authority Chief Executives and Senior Managers (CIPFA/SOLACE), issued *Delivering Good Governance in Local Government*. The framework defines the 6 principles to underpin governance in Local Authorities.

Under this best practice guidance the Council is encouraged to develop and maintain a Local Code of Corporate Governance. There is also a statutory requirement Regulation 4(3) of the Accounts and Audit (England) Regulations 2011 to prepare an Annual Governance Statement (AGS) which must accompany the statement of accounts. The AGS is a public report which demonstrates the extent to which the Council complies with its Local Code. Refer item 6(b).

South Ribble Borough Council remains committed to the principles of good corporate governance and wishes to confirm its ongoing intentions through the continued maintenance of its Local Code. So to ensure our Local code remains “fit for purpose” we have undertaken bi-annual reviews based on the most recent changes in the CIPFA / SOLACE guidance. This is the fourth review of our Local Code.

The Local Code is a public document which makes explicit the Council's commitment and the arrangements that have been introduced to demonstrate ongoing application. It is important that the Council's arrangements are transparent to all stakeholders and by making explicit our high standards of corporate governance we are giving a lead to existing and potential partners, the public and other community groups.

The recent changes which have been incorporated within our Local Code cover: the role of Scrutiny, partnership arrangements and the role of the Head of Internal Audit. Additionally we have incorporated a bespoke diagram highlighting the key documents and processes that provide evidence and assurance of our arrangements.

This review has been supported by the Corporate Governance Officer Group which works closely with this committee to champion the governance agenda and to continually enhance our arrangements.

## WIDER IMPLICATIONS

In the preparation of this report, consideration has been given to the impact of its proposals in all the areas listed below, and the table shows any implications in respect of each of these. The risk assessment which has been carried out forms part of the background papers to the report.

<b>FINANCIAL</b>	There are no financial implications resulting from this report. The revised Code ensures compliance with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government.
<b>LEGAL</b>	Legal and regulatory compliance is fundamental to strong corporate governance. The attached Local Code seeks to ensure that the Council complies with established best practice.
<b>RISK</b>	The Local Code and more importantly the assessment of our governance arrangements will enhance our internal control and corporate governance status thus minimising risk.
<b>OTHER (see below)</b>	None directly, but as outlined in the report the process of review has covered all statutory and policy obligations

<i>Asset Management</i>	<i>Corporate Plans and Policies</i>	<i>Crime and Disorder</i>	<i>Efficiency Savings/Value for Money</i>
<i>Equality, Diversity and Community Cohesion</i>	<i>Freedom of Information/ Data Protection</i>	<i>Health and Safety</i>	<i>Health Inequalities</i>
<i>Human Rights Act 1998</i>	<i>Implementing Electronic Government</i>	<i>Staffing, Training and Development</i>	<i>Sustainability</i>

## BACKGROUND DOCUMENTS

(CIPFA/SOLACE) 2007 and 2012 document, entitled "Delivering Good Governance in Local Government".

# **South Ribble Borough Council**

## **Draft**

### **Revised Local Code of Corporate Governance (2013)**

#### **1. Introduction**

The "Local Code of Corporate Governance" (the Local Code) sets out and describes the Council's commitment to corporate governance and identifies the arrangements that have been developed and maintained to encompass all aspects of the Council's work. The Local Code was first adopted by Council in July 2005. Since that time the governance environment as described in the code has underpinned the Council's annual governance statement. The purpose of the annual governance review process is to provide assurance and an improvement process for the Council's governance and internal control arrangements. The code includes a framework that we use to evaluate compliance with good governance standards.

#### **2. Background**

In 2004, the Independent Commission on Good Governance in Public Services published a set of common principles for all public services to adopt. This drew together the principles originally identified by Cadbury and Nolan and built on them with more recent governance work. It is similar to the private sector's Combined Code and is referred to as the Good Governance Standard for Public Services. The 6 core principles have been further adapted for the local authority context and the framework provides the basis for each council to develop and maintain their own local code of governance. This framework entitled "Delivering Good Governance in Local Government" was published by the Chartered Institute of Public Finance and Accountancy and the Society of Local Authority Chief Executives and Senior Managers (CIPFA/SOLACE) late in 2007.

South Ribble Borough Council is committed to the principles of good corporate governance and wishes to confirm its ongoing commitment and intentions through the continued maintenance of its Local Code, therefore this review (2013) includes the latest guidance from CIPFA.

In addition, the Council is required to publish an Annual Governance Statement (AGS) that has the legal backing of Regulation 4(3) of the Accounts and Audit (England) Regulations 2011. The degree to which South Ribble Borough Council follows its governance principles as defined in its local code will be declared in the AGS.

#### **3. What is Corporate Governance?**

Each local authority operates through a governance framework. It is an interrelated system that brings together an underlying set of legislative requirements, governance principles and management processes. For the purpose of this Local Code, South Ribble Borough Council has accepted the definition of Corporate Governance as stated within the CIPFA/SOLACE document entitled "Delivering Good Governance in Local Government", as follows:-

***"Governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.***

***It comprises the systems and processes, and cultures and values, by which local authorities are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities".***

South Ribble Borough Council recognises that effective local government relies upon establishing and maintaining the public's confidence in both the elected Members and officials, and that it underpins credibility and confidence in the services that we provide. Good governance means focusing on outcomes for citizens and service users.

In addition, South Ribble Borough Council recognises that the setting of high standards, promoting and demonstrating the values of good governance through behaviour provide a clear and demonstrable lead to both our existing and potential partners.

Therefore good governance provides the basis of effective community governance.

#### **4. South Ribble Borough Council's Aims and Values**

The Council's vision is:

**"South Ribble a great place to live, work, visit and play".**

The Council's corporate priorities are:

- **A clean, green and safe environment**
- **A strong South Ribble in the heart of a prosperous Central Lancashire**
- **Strong and Healthy Communities**
- **An efficient, effective and exceptional council**

South Ribble Borough Council's core values are the key principles that underpin everything we do to achieve our vision.

Our five core values are:

- **Integrity**
- **Positive Attitude**
- **Learning Organisation**
- **Teamwork**
- **Excellence**

The Council believes that it works extremely hard to balance the needs and wishes of local people within the tightly controlled resources we have available to us.

The Council takes into account the wishes of local people, national, regional and local shared priorities. It is in this way that the needs and priorities of our local communities are reflected in the Corporate Plan. The Corporate Plan sets out the key activities to deliver the Council's objectives, values and improvement of services to ensure a good quality of life for everyone who lives, works in and visits our borough.

## 5. South Ribble Borough Council's Framework for Corporate Governance

South Ribble Borough Council fully supports the fundamental principles of good corporate governance, namely, **openness and inclusiveness**, **integrity** and **accountability** and these are reflected in the Council's Constitution.

**Openness and Inclusiveness** are required to ensure that all stakeholders can have confidence in decision-making, management processes and individuals within the Council. Being open through genuine consultation and providing access to accurate and clear information leads to effective and timely action and lends itself to necessary scrutiny. Openness also involves an inclusive approach, with all stakeholders having the opportunity to engage effectively with the decision making process and actions of the Council. It requires an outward focus and a commitment to partnership working.

### **Integrity**

Integrity is also one of the Council's core values. It is based on honesty, selflessness and objectivity and involves high standards of propriety and probity on the part of those entrusted with the stewardship of public funds and the management of the Council's affairs. It is dependent on the effectiveness of the control framework and on the standards and professionalism of both elected members and officers. It is reflected in the Council's decision making procedures, in its service delivery and in the quality of its financial and corporate performance reporting.

### **Accountability**

Accountability is the process by which the Council, and its elected members and officers, are held responsible for their actions and decisions. They submit themselves to appropriate internal and external scrutiny. Accountability is achieved by all parties having a good understanding of their responsibilities within a robust structure with clearly defined roles.

### **Leadership**

The concept of leadership overarches all the principles of good governance and is vital if the principles are to be adhered to. The Council undertakes to exercise leadership through:

- Informed decision making and transparent actions that provide a vision and leadership for the local community;  
and:-
- By elected members and officers acting in accordance with high standards of conduct therefore leading by example.

### **Dimensions of Council Business**

To comply with the principles of corporate governance, it is important that these principles are reflected in each dimension of the Council's business. The following six core principles are taken from The Good Governance Standard for Public Services (2004) and further adapted for local government:

- **Good governance means focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area**
- **Good governance means members and officers working together to achieve a common purpose with clearly defined functions and roles**
- **Good governance means promoting values for the authority and demonstrating the**

values of good governance through upholding high standards of conduct and behaviour

- **Good governance means taking informed and transparent decisions which are subject to effective scrutiny and managing risk**
- **Good governance means developing the capacity and capability of members and officers to be effective**
- **Good governance means engaging with local people and other stakeholders to ensure robust public accountability**

The following framework describes how each of these areas is addressed within the Council.

## Framework for the Local Code



**Good governance means focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.**

**To achieve this we aim to:**

- exercise strategic leadership by developing and clearly communicating the authority's purpose and vision and its intended outcomes for citizens and service users
- ensure that users receive a high quality of service whether directly, or in partnership, or by commissioning
- ensure that the authority makes best use of resources and that tax payers and service users receive excellent value for money.

**In order to achieve our aims we will:**

promote and review the Council's purpose and vision;

review on a regular basis the Council's governance arrangements;

foster effective relationships and partnerships with the public, private, community and voluntary sectors;

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 users is to be measured and make sure that the information needed to regularly review service quality is available;

put in place effective arrangements to identify and deal with failure in service delivery;

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 impact of policies, plans and decisions on the community and its environment.

## **Good governance means members and officers working together to achieve a common purpose with clearly defined functions and roles**

### **To achieve this we aim to:**

- ensure effective leadership throughout the authority and being clear about executive and non-executive functions and the roles and responsibilities of the scrutiny function
- ensure that a constructive working relationship exists between elected members and officers and that their responsibilities are carried out to a high standard
- ensure that relationships between the authority, its partners and the public are clear so that each knows what to expect of the other.

### **In order to achieve our aims we will detail within the Constitution:**

a clear statement of the respective roles and responsibilities of the Cabinet and of each cabinet member individually and the authority's approach towards putting this into practice;

a clear statement of the respective roles and responsibilities of each committee, elected members generally and of senior officers;

a clear statement of the role of Scrutiny including overview of Council activity and responsibility for holding Cabinet to account.

a scheme of delegation and reserve powers including a formal schedule of those matters specifically reserved for collective decision by full Council taking account of relevant legislation, and ensuring that it is monitored and updated when required;

a chief executive responsible and accountable to the authority for all aspects of operational management;

a protocol to ensure that the leader and chief executive share a clear understanding of their roles and objectives;

a senior officer (the S151 officer) responsible to the authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control;

a senior officer (the monitoring officer) responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with;

protocols to ensure effective communication between members and officers in their respective roles;

### **we will also:**

set out terms and conditions for remuneration of members and officers and an effective structure for managing the process including an effective member remuneration panel;

ensure that effective mechanisms exist to monitor service delivery;

ensure that the organisation's vision, strategic plans, 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;

### **when working in partnership we will:**

ensure that members are clear about their roles and responsibilities (both individually and collectively) to the partnership and to the authority;

ensure that there is clarity about the legal status of the partnership;

ensure that representatives or organisations both understand and make clear to all other partners the extent of their authority to bind their organisation to partner decisions.



**Good governance means promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour**

**To achieve this we aim to:**

- ensure that elected members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance
- ensure that organisational values are put into practice and are effective.

**In order to achieve our aims we will:**

ensure that the Council's leadership sets a tone for the Council by creating a climate of openness, support and respect;

ensure that standards of conduct and personal behaviour expected of members and officers, of work between them and between the authority, its partners and the community are defined and communicated through codes of conduct and protocols;

maintain arrangements to ensure that members and employees of the Council are not 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 shared values including leadership values for both the organisation and employees reflecting public expectations, and communicate these with members, officers, the community and partners;

ensure that systems and processes are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness;

maintain an effective standards committee;

use the Council's shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the Council;

in partnering arrangements 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.

## **Good governance means taking informed and transparent decisions which are subject to effective scrutiny and managing risk**

### **To achieve this we aim to:**

- be rigorous and transparent about how decisions are taken and listen and act on the outcome of constructive scrutiny
- have good quality information, advice and support to ensure that services are delivered effectively and meet the community needs
- ensure that an effective risk management system is in place
- use legal powers to the full benefit of our citizens and communities.

### **In order to achieve our aims we will:**

maintain an effective scrutiny function which encourages constructive challenge and enhances the Council's performance overall and that of any organisation for which it is responsible;

maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based;

maintain arrangements to safeguard members and employees against conflicts of interest and processes to ensure that they continue to operate in practice;

develop and maintain an effective audit / governance committee which is independent of the executive and scrutiny functions, and responsible for the Council's governance and control matters;

ensure that a senior officer with responsibility for internal audit champions best practice and provides an objective opinion on all aspects of governance, risk management and internal control;

ensure that the Council maintains an effective, transparent and accessible complaints process;

ensure that those making decisions whether for the Council or a partnership are provided with information that is fit for the purpose; i.e. relevant, timely and gives clear explanations of technical issues and their implications;

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 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 that effective arrangements for whistleblowing are in place to which officers and all those contracting with or appointed by the authority have access;

observe all relevant legislative requirements and restrictions placed upon the Council, but strive to utilise the legislative powers to the full benefit of the community;

comply with both the specific requirements of legislation and the general responsibilities placed on the Council by public law;

observe all the requirements of general law, and in particular integrate the key principles of good administrative law – rationality, legality and natural justice – into procedures and decision-making processes;

## **Good governance means developing the capacity and capability of members and officers to be effective**

### **To achieve this we aim to:**

- make sure that members and officers have the skills, knowledge, experience and resources they need to perform well in their roles
- develop the capability of people with governance responsibilities and evaluate their performance, as individuals and as a group
- encourage new talent so that best use can be made of individuals' skills and resources in balancing continuity and renewal.

### **In order to achieve our aims we will:**

- provide induction 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;
- 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 Cabinet and other committees and their membership and agreeing action to address any training or development needs;
- ensure that effective arrangements are in place to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the Council;
- ensure that career structures are in place for members and officers to encourage participation and development.

## **Good governance means engaging with local people and other stakeholders to ensure robust public accountability**

### **To achieve this we aim to:**

- exercise appropriate community leadership which effectively engages local people, partnerships and other stakeholders and develops constructive accountable relationships.
- take an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the authority, in partnership or by commissioning
- ensure a robust scrutiny function has an effective, constructive and accountable relationship with all key stakeholders
- make best use of human resources by taking an active and planned approach to meet responsibility to employees.

### **In order to achieve our aims we will:**

ensure that the Council's vision is delivered through the corporate plan and that it is clearly consulted, articulated and disseminated to all key stakeholders

ensure that clear channels of communication are in place to enable the Council to engage with all sections of the community effectively and put in place monitoring arrangements to ensure effective operation;

consider all stakeholders to whom the Council is accountable and assess the effectiveness of the relationships and any changes required; These arrangements should recognise that different sections of the community have different priorities and establish explicit processes for dealing with these competing demands;

hold meetings in public unless there are good reasons for confidentiality;

maintain a clear policy that supports consultation and engagement with the public and service users including an appropriate feedback mechanism for those consultees to demonstrate what has changed as a result;

publish an annual 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;

Scrutiny Committee to have clear responsibilities including accountability for external and community aspects;

produce regular reports on the activity of the scrutiny function;

ensure that the Council as a whole is open and accessible to the community, service users and its employees. That it is committed to openness and transparency in all its dealings, including partnerships, subject only to the need to preserve confidentiality where it is proper and appropriate to do so;

maintain a clear policy on how employees and their representatives are consulted and involved in decision making.

**SOUTH RIBBLE BOROUGH COUNCIL CORPORATE GOVERNANCE FRAMEWORK**  
Principles, Statutory Obligations and Corporate Objectives

