

**AUDIT COMMITTEE
24TH MARCH 2015:**

CODE OF CORPORATE GOVERNANCE REPORT

Cabinet Member Cllr Clive Eginton
Responsible Officer Head of Communities & Governance

Reason for Report: To present the Committee with the updated Code of Corporate Governance

RECOMMENDATION(S): That the Committee approves the annual update of the Code of Corporate Governance

Relationship to Corporate Plan: Having effective and efficient governance arrangements is a fundamental element of being a 'well managed' council.

Financial Implications: None arising from this report

Legal Implications: None arising from this report

Risk Assessment: Failure to review the Code on an annual basis would impact on the quality of the Council's Annual Governance Statement and could ultimately impact on the external auditors Annual Governance Report.

1.0 Introduction

1.1 Corporate Governance is the system by which local authorities direct and control their functions and relate to their communities. It is founded on the fundamental principles of openness, integrity and accountability together with the overarching concept of leadership.

1.2 There are six core governance principles that have been adapted for local authorities, which are:

- (a) Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area;
- (b) Members and officers working together to achieve a common purpose with clearly defined functions and roles;
- (c) Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
- (d) Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
- (e) Developing the capacity and capability of members and officers to be effective; and
- (f) Engaging with local people and other stakeholders to ensure robust public accountability

- 1.3 Attached as Appendix A is the Council's Code of Corporate Governance which is reviewed, updated and published on the Website on an annual basis. Changes have been tracked for ease of reference.
- 1.4 We will undertake an Annual review of our corporate governance arrangements, and at the end of the financial year, we will produce our Annual Governance Statement. The statement will outline the effectiveness of the Code of Governance and its application, making recommendations for improvement where appropriate. The Committee will receive further information on the production of the Annual Governance Statement in May prior to reviewing and signing off the draft Statement at the end of June.

Contact for more Information: Amy Tregellas, Head of Communities & Governance

Circulation of the Report: Cllrs Clive Eginton, Peter Hare-Scott and Management Team

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1.0 What we mean by Governance

- 1.1 Governance is about how the Council ensures that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.
- 1.2 It comprises the systems and processes and cultures and values, by which the Council is directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.
- 1.3 This Local Code of Governance has been developed in accordance with and is consistent with the Delivering Good Governance in Local Government Framework.

2.0 Core Principles of Good Governance

- 2.1 The core governance principles of the Council are:
 - Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area;
 - Members and Officers working together to achieve a common purpose with clearly defined functions and roles;
 - Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
 - Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
 - Developing the capacity and capability of members and officers to be effective; and
 - Engaging with local people and other stakeholders to ensure robust public accountability

3.0 Applying the Core Principles of Good Governance

The six core principles each have a number of specific requirements that apply across the Council's business. The following tables contain details of these specific requirements (taken from the Delivering Good Governance Framework) along with the evidence to demonstrate how the Council is meeting these requirements (the list of evidence is by no means an exhaustive list).

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3.1 Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area

Specific requirement for local authorities to (taken from the guidance)	Evidence by (what arrangements we have in place)
3.1.1 Develop and promote the authority's purpose and vision	<ul style="list-style-type: none"> • Corporate Plan • Service Business Plans • <u>Economic Development Strategy</u> • <u>Local Plan</u>
3.1.2 Review on a regular basis the authority's vision for the local area and its impact on the authority's governance arrangements	<ul style="list-style-type: none"> • Corporate Plan review • Code of Corporate Governance • <u>Local Strategic Partnership meetings</u>
3.1.3 Ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all parties	<ul style="list-style-type: none"> • Partnership Toolkit • Partnership Terms of Reference
3.1.4 Publish an annual report on a timely basis to communicate the authority's activities and achievements, its financial position and performance	<ul style="list-style-type: none"> • Corporate Plan Summary • Annual Financial Statements • Annual Governance Statement • Quarterly performance and risk reports
3.1.5 Decide how the quality of service for customers/users is to be measured and make sure that the information needed to review service quality effectively and regularly is available	<ul style="list-style-type: none"> • Corporate Plan • <u>Service Business Plans</u> • <u>Performance Indicators</u> • Community Engagement Strategy <u>and action plan</u> • <u>Citizen's Panel Surveys</u> • <u>Customer Care Policy</u> • <u>Tenancy Involvement strategy and policy</u> • <u>Statement of Community Involvement</u>
3.1.6 Put in place effective arrangements to identify and deal with failure in service delivery	<ul style="list-style-type: none"> • Complaints procedure • Service Standards
3.1.7 Decide how value for money is to be measured and make sure that the authority or partnership has the information needed to review value for money and performance effectively. Measure the environmental impact of policies, plans and decisions.	<ul style="list-style-type: none"> • Corporate Plan • Medium Term Financial Plan • Performance Management framework • Financial Monitoring

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3.2 Members and Officers working together to achieve a common purpose with clearly defined functions and roles

Specific requirement for local authorities to (taken from the guidance)	Evidence by (what arrangements we have in place)
<p>3.2.1 Set out a clear statement of the respective roles and responsibilities of the Cabinet and of the Cabinet's members individually and the authority's approach towards putting this into practice</p> <p>Set out a clear statement of the respective roles and responsibilities of other authority members, members generally and senior officers</p>	<ul style="list-style-type: none"> • Constitution • Scheme of Delegation • Delegated decision making for individual Cabinet Members
<p>3.2.2 Determine a scheme of delegation and reserve powers within the constitution, including a formal schedule of those matters specifically reserved for collective decision of the authority, taking account of relevant legislation, and ensure that it is monitored and updated when required</p>	<ul style="list-style-type: none"> • Constitution • Scheme of Delegation • Delegated decision making for individual Cabinet Members • Scheme of delegation for senior officers
<p>3.2.3 Make the Chief Executive responsible and accountable to the authority for all aspects of operational management</p>	<ul style="list-style-type: none"> • Constitution • Scheme of Delegation • Statutory Provisions • Chief Executive Job Description
<p>3.2.4 Develop protocols to ensure that the Leader and Chief Executive negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained</p>	<ul style="list-style-type: none"> • Constitution • Chief Executive appraisal and performance objectives
<p>3.2.5 Make 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</p>	<ul style="list-style-type: none"> • Constitution • Scheme of Delegation • Statutory Provisions • Head of Finance Job Description • Self-assessment against the CIPFA guidance – the role of the Chief Financial Officer
<p>3.2.6 Make a senior officer (usually the monitoring officer) responsible to the authority for ensuring that agreed procedures are followed and that all applicable statues and regulations are complied with</p>	<ul style="list-style-type: none"> • Constitution • Scheme of Delegation • Statutory Provisions • Head of Communities & Governance (Monitoring Officer) Job Description
<p>3.2.7 Develop protocols to ensure effective communication between members and officers in their respective roles</p>	<ul style="list-style-type: none"> • Officers Code of Conduct for Officers • Members Code of Conduct • Member/Officer Protocol

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Specific requirement for local authorities to (taken from the guidance)	Evidence by (what arrangements we have in place)
<p>3.2.8 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 (if applicable)</p> <p>Ensure that effective mechanisms exist to monitor service delivery</p>	<ul style="list-style-type: none"> • National & Local Pay & Conditions • Independent Remuneration Panel for Members Allowances • Job Evaluation Scheme • Pay and Grading Group (Officers/Union) • Pay Policy
<p>3.2.9 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</p>	<ul style="list-style-type: none"> • Corporate Plan • Community Engagement Strategy • Medium Term Financial Plan • Citizen's Panel Consultation 3 times a year including budget consultation • Public Consultations • Statement of Community Involvement re planning consultations •
<p>3.2.10 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 authority</p> <p>When working in partnership:</p> <ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Partnership Toolkit • Partnership Terms of Reference

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3.3 Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

Specific requirement for local authorities to (taken from the guidance)	Evidence by (what arrangements we have in place)
3.3.1 Ensure that the authority's leadership sets a tone for the organisation by creating a climate of openness, support and respect	<ul style="list-style-type: none"> • Constitution • Code of Conduct
3.3.2 Ensure that standards of conduct and personal behaviour expected of members and officers, of work between members and officers and between the authority, its partners and the community are clearly defined and communicated through codes of conduct and protocols	<ul style="list-style-type: none"> • Officers Code of Conduct • Members Code of Conduct • Member/Officer Protocol • Standards Committee • Anti-Fraud & Anti-Corruption Policy • Complaints Procedures • Competency Framework covering areas of service delivery, working with others, communication and leading and developing • Disciplinary Policy
3.3.3 Put in place arrangements to ensure that members and officers of the authority 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	<ul style="list-style-type: none"> • Officers Code of Conduct • Members Code of Conduct • <u>Member/Officer Protocol</u> • Financial & Contract Procedure Rules • Register of Interests • Gifts & Hospitality Register • Officer Personal Interest Register • Anti-Fraud & Anti-Corruption Policy • Whistle-blowing Policy • Anti-Money Laundering Policy • Statutory Provisions in Bribery Act • Annual Audit of Gifts & Hospitality Register and Register of Interests
3.3.4 Develop and maintain shared values including leadership values for both the organisation and officers reflecting public expectations and communicate these with members, officers, the community and partners	<ul style="list-style-type: none"> • Constitution • Corporate Plan
3.3.5 Put in place arrangements to ensure that systems and processes are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness in practice	<ul style="list-style-type: none"> • Codes of Conduct for Officers and Members • Standards Committee
3.3.6 Develop and maintain an effective standards committee	<ul style="list-style-type: none"> • Constitution • Terms of Reference • Standards Committee Agendas and Minutes

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Specific requirement for local authorities to (taken from the guidance)	Evidence by (what arrangements we have in place)
3.3.7 Use the organisation's shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the authority	<ul style="list-style-type: none"> • Codes of Conduct • Member/Officer Protocol
3.3.8 In pursuing the vision 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	<ul style="list-style-type: none"> • Partnership Toolkit • Partnership Terms of Reference • Partnership meetings agendas and minutes

3.4 Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

Specific requirement for local authorities to (taken from the guidance)	Evidence by (what arrangements we have in place)
3.4.1 Develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the authority's overall performance	<ul style="list-style-type: none"> • Constitution • Terms of Reference • Scrutiny Committee Agendas and Minutes • Scrutiny working groups • Call-in procedure for Cabinet decisions and individual Cabinet Member decisions
3.4.2 Develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based	<ul style="list-style-type: none"> • Constitution • Delegated decision-making for individual Cabinet Members • Decision recording form • Scheme of Delegation to Cabinet Members and Officers • Officer decision making procedure
3.4.3 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	<ul style="list-style-type: none"> • Officers Code of Conduct • Members Code of Conduct • Member/Officer Protocol • Financial & Contract Procedure Rules • Register of Interests • Gifts & Hospitality Register • Officer Personal Interest Register • Role of the Head of Communities & Governance (Monitoring Officer) • Standards Committee • Annual Audit Plan • Anti-Fraud & Anti-Corruption Policy • Whistle-blowing Policy • Anti-Money Laundering Policy

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Specific requirement for local authorities to (taken from the guidance)	Evidence by (what arrangements we have in place)
	<ul style="list-style-type: none"> Annual Audit of Gifts & Hospitality Register and Register of Interests
3.4.4 Develop and maintain an effective Audit Committee which is independent of the Cabinet and Scrutiny functions or make other appropriate arrangements for the discharge of such a function	<ul style="list-style-type: none"> Constitution Terms of Reference Audit Committee Agendas and Minutes
3.4.5 Ensure that effective, transparent and accessible arrangements are in place for dealing with complaints	<ul style="list-style-type: none"> Complaints procedure Procedure for complaints about Councillors
3.4.6 Ensure that those making decisions whether for the authority or the partnership are provided with information that is fit for purpose – relevant, timely and gives clear explanations of technical issues and their implications	<ul style="list-style-type: none"> Constitution Programme of member's training Partnership Toolkit
3.4.7 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	<ul style="list-style-type: none"> Constitution Committee Report Template Role of the Head of Communities & Governance (Monitoring Officer) Role of the Head of Finance (S151 Officer)
3.4.8 Ensure that risk management is embedded into the culture of the authority, with members and managers at all levels recognising that risk management is part of their jobs	<ul style="list-style-type: none"> Risk Management Strategy Role of Head of Communities & Governance Corporate Risk Register Service Business Plans Project Risk Logs Regular key business risk reports to Committees Risk Management awareness training for officers and members
3.4.9 Ensure that arrangements are in place for whistle-blowing to which all staff and all those contracting with the authority have access	<ul style="list-style-type: none"> Anti-Fraud & Anti-Corruption Policy Whistle-blowing Policy Anti-Money Laundering Policy Statutory Provision in Bribery Act
3.4.10 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	<ul style="list-style-type: none"> Constitution Role of the Head of Communities & Governance (Monitoring Officer) Statutory Provision
3.4.11 Recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on local authorities by public law	<ul style="list-style-type: none"> Constitution Role of the Head of Communities and Governance (Monitoring Officer) Statutory Provision

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Specific requirement for local authorities to (taken from the guidance)	Evidence by (what arrangements we have in place)
3.4.12 Observe all specific legislative requirements placed upon them, as well as the requirements of general law, and in particular to integrate the key principles of good administrative law – rationality, legality and natural justice – into their procedures and decision making process	<ul style="list-style-type: none"> • Constitution • Role of the Head of Communities & Governance (Monitoring Officer) • Monitoring Officer Job Description • Statutory Provision

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

Specific requirement for local authorities to (taken from the guidance)	Evidence by (what arrangements we have in place)
3.5.1 Provide induction programmes tailored to individual needs and opportunities for members and officers to update their knowledge on a regular basis	<ul style="list-style-type: none"> • Appraisal Process • Competency Framework • Induction Training • Members Induction Training • Officer & Member Training & Development • Members Briefing sessions • Training & Development Plan and section on Sharepoint • Achieved the Member Development Charter • Member Development Group • Members personal development reviews • Workplace coaches
3.5.2 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 authority	<ul style="list-style-type: none"> • Job Descriptions & Person Specifications • Organisational Structure charts • Membership of Management Team • Continuous Professional Development (CPD) training
3.5.3 Assess the skills required by members and officers and make a commitment to develop those skills to enable roles to be carried out effectively	<ul style="list-style-type: none"> • Member Development Charter • Training and Development Plans for each member • Officer Appraisal and training needs analysis • Competency Framework
3.5.4 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	<ul style="list-style-type: none"> • Member Development Charter • Member Development Group • Training and Development Plans for each member • Members briefing sessions

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<p>3.5.5 Ensure that effective arrangements are in place for reviewing the performance of the Cabinet as a whole and of individual members and agreeing an action plan which might, for example, aim to address any training or development needs</p>	<ul style="list-style-type: none"> • Constitution • Role of Scrutiny Committee
<p>3.5.6 Ensure that effective arrangements designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the authority</p>	<ul style="list-style-type: none"> • Community Engagement Strategy • Partnership Toolkit • Local Democracy week • State of the District Debate • Mid Devon Equalities Forum • Community Days • Mid Devon Connect Events (multi agency events)
<p>3.5.7 Ensure that career structures are in place for members and officers to encourage participation and development</p>	<ul style="list-style-type: none"> • Service Business Plans section on workforce & succession planning • Appraisal process and training needs analysis • Training and development plan • Member Development Plans

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

<p>Specific requirement for local authorities to (taken from the guidance)</p>	<p>Evidence by (what arrangements we have in place)</p>
<p>3.6.1 Make clear to themselves, all staff and the community to whom they are accountable and for what</p> <p>Consider those institutional stakeholders to whom the authority is accountable and assess the effectiveness of the relationships and any changes required</p>	<ul style="list-style-type: none"> • Corporate Plan • Constitution
<p>3.6.2 Produce an annual report on the activity of the scrutiny function</p>	<ul style="list-style-type: none"> • Scrutiny Committee annual report

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Specific requirement for local authorities to (taken from the guidance)	Evidence by (what arrangements we have in place)
<p>3.6.3 Ensure that clear channels of communication are in place with all sections of the community and other stakeholders, and put in place monitoring arrangements to ensure that they operate effectively</p> <p>Hold meetings in public unless there are good reasons for confidentiality</p> <p>Ensure that arrangements are in place to enable the authority to engage with all sections of the community effectively. These arrangements should recognise that different sections of the community have different priorities and establish explicit processes for dealing with these competing demands</p>	<ul style="list-style-type: none"> • Community Strategy • Community Engagement Strategy • Consultation • Public Question Time at each Committee meeting • Local Democracy week • State of the District debate
<p>3.6.4 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 consultees to demonstrate what has changed as a result</p>	<ul style="list-style-type: none"> • Community Engagement Strategy • Community Engagement Action Plan and consultation calendar
<p>3.6.5 On an annual basis, publish a performance plan giving information on the authority'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</p>	<ul style="list-style-type: none"> • Corporate Plan Summary • <u>Annual Financial Statements</u> • <u>Quarterly Performance Indicator Reports</u>
<p>3.6.6 Ensure that the authority 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</p>	<ul style="list-style-type: none"> • Constitution • Public Question Time at each Committee meeting • Publication of meeting agendas and minutes on website • Publication of consultation results and feedback
<p>3.6.7 Develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making</p>	<ul style="list-style-type: none"> • Constitution • Joint Negotiation and Consultancy Committee • Regular meeting between the Union and Management • Framework for consultation • All staff meetings and Senior Officers Forum