



Chester-le-Street
District Council

Local Code of Corporate Governance



2008

The council's commitment

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.

It comprises of 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 the community.

Good governance leads to good management, good performance, good stewardship of public money, good public engagement and ultimately, good outcomes for citizens and service users. Good governance enables the authority to pursue its vision effectively as well as underpinning that vision with mechanisms for control and management of risk.

The Council aims to meet the standards of the best and have governance arrangements in place that are not only sound but also seen to be sound.

About this document

This Code of Corporate Governance, which takes account of the guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE), provides the structure and outline of the Council's approach to corporate governance.

Roles and Responsibilities

Overall responsibility for the policy will rest with the Council (as the body responsible for corporate governance) and in particular the Leader of the Council and Chief Executive.

The Corporate Governance Steering Group will be responsible for monitoring and providing assurance on the governance process. Current guidance on the functions of audit committees and standards committees requires that they also receive assurances on the effectiveness of the Council's corporate governance arrangements.

The Principles of Governance

The Council operates through a governance framework which brings together an underlying set of legislative requirements, governance principles and management processes.

The Council will apply six core principles in performing its key roles and other duties as a Local Authority. These core principles are:-

Principle A	Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.
Principle B	Members and officers working together to achieve a common purpose with clearly defined functions and roles.
Principle C	Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
Principle D	Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
Principle E	Developing the capacity and capability of members and officers to be effective.
Principle F	Engaging with local people and other stakeholders to ensure robust public accountability.

Supporting each of the six principles is a series of supporting principles, each of which in turn translates into a range of specific requirements of the Code. The details of this are attached as Appendix 1- delivering the principles of governance.

Attributes of an effective governance framework

The Council will develop and promote an effective governance framework that will demonstrate the following attributes:

1	There is clear vision of the authority's purpose and intended outcomes for citizens and service users that is clearly communicated, both within the organisation and to external stakeholders
2	Arrangements are in place to review the authority's vision and its implications for the authority's governance arrangements
3	Arrangements exist for measuring the quality of services for users, for ensuring they are delivered in accordance with the authority's objectives and for ensuring that they represent the best use of resources.
4	The roles and responsibilities of the executive, non executive, scrutiny and officer functions are clearly defined and documented with clear delegation arrangements and protocols for effective communication.
5	Codes of conduct defining standards of behaviour for members and staff are in place, conform with appropriate ethical standards, and are communicated and embedded across the organisation
6	Standing orders, financial regulations, a scheme of delegation and supporting procedures notes/manuals which are reviewed and updated as appropriate, clearly define how decisions are taken and the processes and controls to manage risks.
7	The core functions of an audit committee as defined in CIPFA's Audit Committees – A Practical Guide for Local Authorities 92005), are undertaken by members
8	Arrangements are in place to ensure compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful. All reports are considered for legal issues before submission to members
9	Arrangements for whistle-blowing and for receiving and investigating complaints from the public are in place and are well publicised
10	Arrangements are in place for the needs of members and senior officers in relation to their strategic roles, and are supported by appropriate training
11	Clear channels of communication have been established with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation
12	Governance arrangements with respect to partnerships and other group working incorporate good practice as identified by the Audit Commission's report on the Governance of partnerships and are reflected in the authority's overall governance arrangements

Sources of assurance

Management from across the organisation will provide the primary source of assurance and members need to ensure that there are appropriate assurance gathering arrangements in place to enable those assurances to be mapped against the principles in the framework.

An effective internal audit will also be a significant source of assurance.

Further assurances from a wide range of external sources including:

- Corporate assessments and direction of travel statements
- Inspections
- External audit (Annual Accounts and Use of Resources)

Annual review and reporting arrangements

The Council will undertake regular, at least annual, reviews of their governance arrangements to ensure continuing compliance and such reviews will be reported within the Council to the Audit Committee.

An Annual Governance Statement on the extent to which the Council complies with this Code and how it has monitored the effectiveness of its governance arrangements will be prepared and reported externally with the statement of accounts.

To ensure that the process of preparing the governance statement will, in itself, add value to the corporate governance and internal control framework of the Council, the statement will be prepared in accordance to “Delivering Good Governance in Local Government Framework”, published by CIPFA/SOLACE.

Appendix 1 - Delivering the Principles of Governance

Principle A - 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 requirement:	Delivered by:
A1	Develop and promote the authority's purpose and vision	Purpose and vision used as a basis for: - Corporate and service planning - Shaping the community strategy - Local area or performance agreements Residents Survey
A2	Review on a regular basis the Authority's vision for the local area and its impact on the Authority's governance arrangements	Governance Code
A3	Ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all parties	Partnership protocol Governance code
A4	Publish an annual report on a timely basis to communicate the authority's activities and achievements, its financial position and performance	Annual financial statements Annual business plan
A5	Decide how the quality of services for users is to be measured and make sure that the information needed to review service quality effectively and regularly is available	This information is reflected in: -corporate plan -performance management - CPA assessment scored 3 for achievement -medium term financial strategy -resourcing plan in order to ensure improvement
A6	Put in place effective arrangements to identify and deal with failure in service delivery	Performance management framework Reports to Exec and Scrutiny Complaints procedure Approach to continuous performance improvement
A7	Decide how value for money is to be measured and make sure that the authority or partnership has the information needed to review VFM and performance effectively. Measure the environmental impact of policies, plans and decisions	The results are reflected in the authority's performance plans and in reviewing the work of the authority

Principle B - Members and officers working together to achieve a common purpose with clearly defined functions and roles.		
	Good governance requirement:	Delivered by:
B1	Set out a clear statement of the respective roles and responsibilities of the executive and of the executive's members individually and the authority's approach to putting this into practice. Set out a clear statement of the respective roles and responsibilities of other authority members, members generally and senior officers.	Constitution Record of decisions and supporting materials
B2	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	Constitution
B3	Make a Chief Executive or equivalent responsible and accountable to the authority for all aspects of operational management	Conditions of employment Scheme of delegation Statutory provisions Job descriptions/specifications Performance management system
B4	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	New chief executive and leader pairing consider how best to establish and maintain effective communication
B5	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, for maintaining an effective system of internal control	Section 151 responsibilities Statutory provision Statutory reports Budget documentation Job description/specification
B6	Make a senior officer [usually the monitoring officer] responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with	Monitoring officer provisions Statutory provisions Job description/specification
B7	Develop protocols to ensue effective communication between members and officers in their respective roles	Member/officer protocol

B8	<p>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.</p> <p>Ensure that effective mechanisms exist to monitor service delivery</p>	<p>Pay and conditions policies and practices</p>
B9	<p>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>	<p>Vision Strategy Corporate plans Budgets Performance plan/regime</p>
B10	<p>When working in partnership ensure that members are clear about their roles and responsibilities both individually and collectively in relationship to the partnership and to the authority</p> <p>When working in partnership: Ensure there is clarity about the legal status of the partnership</p> <p>Ensure that representatives or organisations both understand and make clear to all other partners the extent of their authority to bind their organization to partner decisions</p>	<p>Protocols for partnership working.</p> <p>For each partnership there is:</p> <ul style="list-style-type: none"> -a clear statement of the partnership principles and objectives -clarity of each partners role within the partnership -definition of roles of board members -line management responsibilities for staff who support the partnership -a statement of funding sources for joint projects and clear accountability for proper financial administration -a protocol for dispute resolution within the partnership

Principle C – Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.		
	Good governance requirement:	Delivered by:
C1	Ensure that the authority's leadership sets a tone for the organization by creating a climate of openness, support and respect	Employee briefings
C2	Ensure that standards of conduct and personal behaviour expected of members and staff, of work between members and staff and between the authority, its partners and the community are defined and communicated through codes of conduct and protocols	Members/officers code of conduct performance management system Performance appraisal Complaints procedure Anti-fraud and corruption policy Member/officer protocols
C3	Put in place arrangements to ensure that members and employees 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	Standing orders Codes of conduct Financial regulations
C4	Develop and maintain shared values including leadership values for both the organization and staff reflecting public expectations and communicate these with members, staff, the community and partners	Codes of conduct
C5	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	Codes of conduct
C6	Develop and maintain an effective standards committee	Terms of reference Regular reporting to Council
C7	Use the organizations shared values to act as a guide to decision making and as a basis for developing positive and trusting relationships within the authority	Decision-making practices
C8	In pursuing the vision of a partnership, agree a set of values against which decisions making and actions can be judged. Such values must be demonstrated by partners behaviour both individually and collectively	Protocols for partnership working

Principle D - Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.		
	Good governance requirement:	Delivered by:
D1	Develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the authority's performance overall and that of any organization for which it is responsible	Scrutiny is supported by robust evidence and data analysis
D2	Develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are made	Decision-making protocols record of decisions and supporting materials
D3	Put in place arrangements to safeguard members and employees against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practice	Members code of conduct
D4	Develop and maintain an effective audit committee (or equivalent) which is independent of the executive or scrutiny functions or make other appropriate arrangements for the discharge of the functions of such a committee	Terms of reference Membership Training for committee members
D5	Ensure that effective, transparent and accessible arrangements are in place for dealing with complaints	Complaints procedure
D6	Ensure that those making decisions whether for the authority or the partnership are provided with information that is fit for the purpose – relevant, timely and gives clear explanations of technical issues and their implications	Members induction scheme Training for committee chairs
D7	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	Record of decision-making and supporting materials
D8	Ensure that risk management is embedded into the culture of the authority, with members and managers at all levels recognizing that risk management is part of their	Risk management protocol Financial standards and regulations

	jobs	
D9	Ensure that arrangements are in place for whistle-blowing to which staff and all those contracting with the authority have access	Whistle-blowing policy
D10	Actively recognize the limits of lawful activity placed on them by, for example, the ultra vires doctrine but also strive to utilize powers to the full benefit of their communities	Constitution Monitoring officer provisions Statutory provision
D11	Recognize the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on local authorities by public law.	Constitution Monitoring Officer Protocols
D12	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 – rationally, legality and natural justice – into their procedures and decision-making processes	Job description/specification Statutory provisions

Principle E – Developing the capacity and capability of members and officers to be effective.		
	Good governance requirement:	Delivered by:
E1	Provide induction programmes tailored to individual needs and opportunities for members and officers to update their knowledge on a regular basis	Training & development plan Induction programme Update courses/information
E2	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	Job description/personal specifications Membership of top management team
E3	Assess the skills required by members and officers and make commitment to develop those skills to enable roles to be carried out effectively	Training & development plan
E4	Develop skills on a continuing basis to improve performance, including the ability to scrutinize and challenge and to recognize when outside expert advice is needed	Training & development plan reflect requirements of modern councillor including: -the ability to scrutinize & challenge -the ability to recognize when outside advice is required -advice on how to act as an ambassador for the community -leadership and influencing skills
E5	Ensure that effective arrangements are in place for reviewing the performance of the executive as a whole and of individual members and agreeing an action plan which might, for example, aim to address any training and development needs	Performance management system Members Charter
E6	Ensure effective arrangements designed encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the authority	Strategic partnership framework Stakeholders' forums' terms of reference Area forums' roles & responsibilities Residents' panel structure
E7	Ensure that career structures are in place for members and officers to encourage participation and development	Succession planning

Principle F - Engaging with local people and other stakeholders to ensure robust public accountability.

	Good governance requirement:	Delivered by:
F1	<p>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>	<p>Corporate Plan</p> <p>Revised local Code of Corporate Governance</p>
F2	<p>Produce an annual report on the activity of the scrutiny function</p>	<p>Corporate Plan includes a chapter on the work of scrutiny</p>
F3	<p>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. Hold meeting in public unless there are good reasons for confidentiality. Ensure that arrangements are in place to enable the authority to engage with all sections of the community effectively. These arrangements should recognize that different sections of the community have different priorities and establish explicit processes for dealing with these competing demands.</p>	<p>District News</p> <p>Public involvement in scrutiny projects</p> <p>Council encourages public speaking at meetings</p> <p>Information in public areas eg Town centre consultation</p> <p>Public consultation during LSVT</p> <p>Council supports residents associations</p> <p>Processes for dealing with competing demands</p>
F4	<p>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>	<p>Partnership framework</p> <p>Community Consultation Plan</p> <p>Communication Strategy</p>
F5	<p>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 satisfaction of service users in the previous period</p>	<p>Annual report</p> <p>Annual financial statements</p> <p>Corporate plan</p> <p>Annual business plan</p>
F6	<p>Ensure that the authority as a whole is open and accessible to the community, service users and its staff</p>	<p>Constitution</p>

	to 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.	
F7	Develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making	Constitution