



Sedgefield Borough Council

**LOCAL CODE
OF
CORPORATE GOVERNANCE**

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1. Introduction

- 1.1 The Council has established this Local Code of Corporate Governance, taking into account the guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society for Local Authority Chief Executives (SOLACE) in their framework document “Delivering Good Governance in Local Government: Guidance Note for English Authorities”.

2. What Is Corporate Governance?

- 2.1 Corporate Governance is about how the Council ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.
- 2.2 It comprises the systems and processes and cultures and values, by which the Council is directed and controlled and through which it accounts to, engages with and, where appropriate, leads our communities.
- 2.3 Sedgefield Borough Council is committed to the principles of good corporate governance and wishes to confirm its commitment and intentions through the continued maintenance of a Local Code of Corporate Governance.

3. The Core Principles of Good Corporate Governance

- 3.1 The six core principles of good corporate governance, which are underpinned by supporting principles and requirements, are to:
- focus 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;
 - promote values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
 - take informed and transparent decisions, which are subject to effective scrutiny and managing risk;
 - develop the capacity and capability of members and officers to be effective; and
 - engage with local people and other stakeholders to ensure robust public accountability.
- 3.2 This Council fully supports these principles. This Code is a public statement of the commitment to these principles and sets out clearly the way in which the Council will meet that commitment.

4. Applying the Core Principles of Good Governance

- 4.1 The main body of the Code is divided into six sections; each of which covers a particular core principle, together with a set of supporting principles, which in turn have a range of specific requirements. These show the means by which the Council can demonstrate its commitment to good governance in relation to that principle.

Core Principles

5. Focus on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.

The Council welcomes constructive challenge as an opportunity to learn and improve performance using findings from the Audit Commission, any regulatory inspection, peer view, commissioned consultants or input from other high performing authorities.

Within this core principle there are three supporting principles, which are set out below.

The Council will exercise strategic leadership by developing and clearly communicating its purpose and vision and its intended outcomes for citizens and service users.

In order to meet this commitment, the Council will:

- develop and promote the Council's purpose and vision;
- review on a regular basis the Council's vision for the local area and its impact on the Council's governance arrangements;
- ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all partners; and
- publish an Annual Report on a timely basis, to communicate the Council's activities and achievements, its financial position and performance.

The Council will ensure that users receive a high quality of service whether directly or in partnership or by commissioning.

In order to meet this commitment, the Council will:

- decide how the quality of service for users is to be measured and making sure that the information needed to review service quality effectively and regularly is available; and
- put in place effective arrangements to identify and deal with failure in service delivery.

The Council will ensure it makes best use of resources and that taxpayers and service users receive excellent value for money.

In order to meet this commitment, the Council will:

- decide how value for money is to be measured and to make sure that the Council or partnership has the information needed to review value for money and performance and performance effectively; and
- measure the environmental impact of policies, plans and decisions.

6. Members and officers work together to achieve a common purpose with clearly defined functions and roles.

The Council recognises that it is good practice for all political parties to identify the future skills base and type of representation needed for politicians and, using appropriate selection methods, to take steps to fill these gaps when seeking candidates for election and for succession planning. The Council also recognises that it is good practice for the Chief Executive and Leader of the Council to consider how best to establish and maintain effective communication.

Within this core principle there are three supporting principles.

The Council will ensure effective leadership and be clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny function.

In order to meet this commitment, the Council will:

- set out a clear statement of the respective roles and responsibilities of the executive and of the executive members individually and the Council's approach towards putting this into practice; and
- set out a clear statement of the respective roles and responsibilities of other members and senior officers.

The Council will ensure that a constructive working relationship exists between members and officers and that the responsibilities of members and officers are carried out to a high standard.

In order to meet this commitment, the Council will:

- determine a scheme of delegation and reserve powers within the Constitution, including a formal schedule of those matters specifically reserved for the collective decision of the Council, taking account of relevant legislation and ensuring that it is monitored and updated when required;
- make the Chief Executive responsible and accountable to the Council for all aspects of operational management;
- 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;
- make a senior officer (the Section 151 Officer) responsible to the Council 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; and
- make a senior officer (the Monitoring Officer) responsible to the Council for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.

The Council will ensure relationships between the Council, its partners and the public are clear so that each knows what to expect of the other.

In order to meet this commitment, the Council will:-

- develop protocols to ensure effective communication between Members and officers in their respective roles;
- 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;
- 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; and
- 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 Council;
 - there is clarity about the legal status of the partnership; and
 - representatives of organisations both understand and make clear to all other partners the extent of their authority to bind their organisation to partner decisions.

7. Promote values for the Council and demonstrate the values of good governance through upholding high standards of conduct and behaviour.

The Council recognises that it is good practice generally for Members and Officers to reject offers of hospitality from firms that the Council is contracting with, or may contract with in the future.

Within this core principle there are two supporting principles:

The Council will ensure Members and Officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance.

In order to meet this commitment, the Council will:

- ensure that the Council's leadership sets a tone for the organisation by creating a climate of openness, support and respect;
- ensure that standards of conduct and personal behaviour expected of Members and staff, of work between Members and staff and between the Council, its partners and the community are defined and communicated through codes of conduct and protocols; and
- put in place arrangements to ensure that Members and employees 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.

The Council will ensure that organisational values are put into practice and are effective.

In order to meet this commitment, the Council will:

- develop and maintain shared values, including leadership values for both the Council and staff, reflecting public expectations and communicate these with Members, staff, the community and partners;
- 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;
- develop and maintain an effective Standards Committee;
- use the Council's shared values to act as guide for decision making and as a basis for developing positive and trusting relationships within the Council; and
- pursue the vision of a partnership by agreeing 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;

8. Take informed and transparent decisions which are subject to effective scrutiny and managing risk.

The Council recognises that although scrutiny generally looks at issues and policies once they are in place, scrutiny should also take place at the policy development stage.

The Council also recognises that risk management is important to the successful delivery of public services and that an effective risk management system identifies and assesses risks, decides on appropriate responses and then provides assurance that the chosen responses are effective.

Within this core principle, there are four supporting principles which are set out below.

The Council will be rigorous and transparent about how decisions are taken and will listen and act on the outcome of constructive scrutiny.

In order to meet this commitment, the Council will:-

- develop and maintain an effective scrutiny function, which encourages constructive challenge and enhances the authority's performance overall and that of any organisation for which it is responsible;
- develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based;
- 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;
- develop and maintain an effective Audit Committee, which is independent of the executive and scrutiny functions; and
- ensure that effective, transparent and accessible arrangements are in place for dealing with complaints.

The Council will have good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs.

In order to meet this commitment, the Council will:-

- ensure that those making decisions, whether for the authority or a partnership, are provided with information that is fit for the purpose, relevant, timely and gives clear explanations of technical issues and their implications; and
- ensure that proper professional advice on matters that have legal or financial implications is available and recorded well in advance of decision-making and used appropriately.

The Council will ensure that an effective risk management system is in place.

In order to meet this commitment, the Council will:-

- 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; and
- ensure that arrangements for whistle-blowing are in place, to which staff and all those contracting with, or appointed by, the Council have access.

The Council will use its legal powers to the full benefit of the citizens and communities in its area.

In order to meet this commitment, the Council will:-

- Actively recognise the limits of lawful activity placed on it by, for example the ultra vires doctrine but also strive to utilise their powers to the full benefit of the community;
- 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; and
- Observe all specific legislative requirements placed on it, 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 its procedures and decision making processes.

9. Develop the capacity and capability of Members and Officers to be effective.

The Council recognises that it is good practice for political parties to appraise the performance of those that are elected and put in place training and development programmes to fill any skills gaps.

Within this core principle, there are three supporting principles which are set out below.

The Council will make sure that Members and officers have the skills, knowledge, experience and resources they need to perform well in their roles.

In order to meet this commitment, the Council will:-

- provide induction programmes tailored to individual needs and opportunities for members and officers to update their knowledge on a regular basis; and
- 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.

The Council will develop the capability of people with governance responsibilities and evaluate their performance as individuals and as a group.

In order to meet this commitment, the Council will:-

- 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; and
- 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.

The Council will encourage new talent for membership of the authority so that best use can be made of individuals' skills and resources in balancing continuity and renewal.

In order to meet this commitment, the Council will:-

- ensure that effective arrangements are in place designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the authority; and
- ensure that career structures are in place for Members and officers to encourage participation and development.

10. Engage with local people and other stakeholders to ensure robust public accountability.

The Council recognises that it is well placed to understand and respond to particular challenges within the local community and by bringing together key representatives from the community the Council can encourage debate on such issues as integration and policing and focus on shared values.

Within this core principle, there are three supporting principles which are set out below.

The Council will exercise leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships.

In order to meet this commitment, the Council will:-

- make clear to themselves, all staff and the community to whom they are accountable and for what;
- consider those institutional stakeholders to whom the authority is accountable and assess the effectiveness of the relationships and any changes required; and
- produce an annual report on the activity of the scrutiny function.

The Council will 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 Council, in partnership or by commissioning.

In order to meet this commitment, the Council will:-

- 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 meetings 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 to recognise that different sections of the community have different priorities and establish explicit processes for dealing with these competing demands;
- establish a clear policy on the types of issues it 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;
- 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; and
- 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 circumstances where it is proper and appropriate to do so.

The Council will make best use of human resources by taking an active and planned approach to meet responsibility to staff.

In order to meet this commitment, the Council will:-

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

11. Review and Reporting

- 11.1 Each year the Council will carry out a review of their governance arrangements to ensure compliance with this Code, the delivery of Good Governance within the Local Government Framework and current good practice. The purpose of the review will be to provide assurance that governance arrangements are adequate and operating effectively or to identify action which is planned to ensure effective governance in the future.
- 11.2 The outcome of the review will take the form of an Annual Governance Statement prepared on behalf of the Leader of the Council and Chief Executive. It will be submitted to the Audit Committee for consideration and review, as well as to Council.
- 11.3 The preparation and publication of the Annual Governance Statement will meet the statutory requirement of the Accounts and Audit Regulations which requires authorities to “conduct a review at least once in a year of the effectiveness of its system of internal control” and to prepare a statement on internal control “in accordance with proper practices”. As such the Annual Governance Statement will be prepared in accordance with the timetable in participation of financial statements in accordance with the Audit and Accounts Regulations.

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