

Crawley Borough Council

	Report No: LDS/069	C
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Report to Audit and Governance Committee

30 September 2013

Local Code of Corporate Governance

1. Key Points

- 1.1 The Council in its Constitution adopted a Corporate Governance Statement which has been in place for a number of years.
- 1.2 This Committee currently has the responsibility for the development, maintenance, monitoring and review of the Council's Code of Corporate Governance.
- 1.3 The current Corporate Governance Statement in the Constitution has not been reviewed for a number of years and is outdated in many respects and is no longer relevant for current requirements.
- 1.4 The purpose of this report is to recommend that the Council approve the inclusion of a new Local Code of Corporate Governance in the Council's Constitution.

2. Recommendations

- 2.1 **The Committee is requested to approve and recommend to the Full Council the replacement of the existing Corporate Governance Statement with a new Code of Corporate Governance, as attached in Appendix A to this report, for inclusion in the Constitution.**

ANN-MARIA BROWN
Head of Legal & Democratic Services

3. Background

- 3.1 It is the current responsibility of this Committee to approve an Annual Governance Statement as part of the Council's Statement of Accounts. This takes place in September and details of this are set out in the Report of the Head of Finance, Revenues and Benefits. This report will appear on the Agenda for the meeting on 30th September 2013 in a report entitled 'Approval of the 2012/13 Statement of Accounts'.
- 3.2 Corporate Governance is a term used to describe how organisations direct and control what they do. As well as systems and processes this includes cultures and values. For local Authorities this also includes how a Council relates to the communities that it serves. Good Corporate Governance requires Local Authorities to carry out their functions in a way that demonstrates accountability, transparency, effectiveness, integrity, impartiality and inclusivity.
- 3.3 Crawley Borough Council is committed to demonstrating that it has the necessary Corporate Governance arrangements in place to perform effectively.
- 3.4 This Code is a public statement that sets out the way the Council will meet that commitment. As such it represents a key component of the Council's Governance arrangements. The Code has been developed in accordance with and is consistent with the CiPFA/SOLACE Delivering Good Governance in Local Government Framework 2012 Edition and is based upon the following 6 core principles:
- **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.**
 - **Engaging with local people and other stakeholders to ensure robust public accountability.**
- 3.5 This Code will replace the current Corporate Governance Statement which appears in Part 5, Codes and Protocols in the Council's Constitution.
- 3.6 The new Local Code of Corporate Governance is set out in Appendix A.

4. Ward Members' Views

4.1 This report is not Ward specific.

5. Staffing, Equalities, Financial and Legal Implications/Powers

5.1 There are no financial, legal, staffing or equality implications arising directly from this report.

6. Risk Implications

6.1 There are no significant risks arising from this report.

7. Environmental Impacts

7.1 None.

8. Other Implications

8.1 None.

9. Background Papers

CiPFA /SOLACE Delivering Good Governance in Local Government 2012 Edition.

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CODE OF GOVERNANCE

1. 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 Local Governance in Local Government Framework.

2. Core principles of good governance

- 2.1 The core governance principles of the Council 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 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

3. Applying the core principles of good governance

- 3.1 The six core principles each have a number of supporting principles, which in turn have a range of specific requirements that apply across the Council's business:

Code of Governance

1. Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area	
Supporting principles	Specific requirements to:
Exercising strategic leadership by developing and clearly communicating the Council's purpose and vision and its intended outcomes for citizens and service users.	<p>Develop and promote the Council's purpose and vision.</p> <p>Review on a regular basis the Council's vision for the local area and its implications for the Council's governance arrangements.</p> <p>Ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all partners.</p> <p>Publish an annual report on a timely basis to communicate the Council's activities and achievements, its financial position and performance.</p>
Ensuring that users receive a high quality of service whether directly, or in partnership, or by commissioning.	Decide how the quality of service for users is to be measured and make sure that the information needed to review service quality effectively and regularly is available. Put in place effective arrangements to identify and deal with failure in service delivery.
Ensuring that the Council makes best use of resources and that tax payers and service users receive excellent value for money.	<p>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.</p> <p>Measure the environmental impact of policies, plans and decisions.</p>

2. Members and officers working together to achieve a common purpose with clearly defined functions and roles	
Supporting principles	Specific requirements to:
Ensuring effective leadership throughout the Council and being clear about executive and non executive functions and the roles and responsibilities of the scrutiny function.	<p>Set out clear statements of the respective roles and responsibilities of the executive and the executive's members individually and the Council's approach towards putting this into practice.</p> <p>Set out a clear statement of the respective roles and responsibilities of other Council Members, members generally and of senior officers.</p>
Ensuring that a constructive working relationship exists between Council Members and Officers and that the responsibilities of Members and Officers are carried out to a high standard.	<p>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 Council, taking account of relevant legislation, and ensure that it is monitored and updated when required.</p> <p>Make a Chief Executive or equivalent responsible and accountable to the Council for all aspects of operational management.</p> <p>Develop protocols to ensure that the Leader and Chief Executive (or equivalents) negotiate their respective roles early in the relationship and that shared understanding of roles and objectives is maintained.</p> <p>Make a senior Officer (Section 151 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> <p>Make a senior Officer (Monitoring Officer) responsible to the Council for ensuring that agreed procedures are followed and that all applicable Statutes and Regulations are complied with.</p>

<p>Ensuring relationships between the Council, its partners and the public are clear so that each knows what to expect of the other.</p>	<p>Develop protocols to ensure effective communication between Members and Officers in their respective roles.</p> <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 (if applicable)</p> <p>Ensure that effective mechanisms exist to monitor service delivery.</p> <p>Ensure that the organisations 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>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 of organisations both understand and make clear to all other partners the extent of their authority to bind their organisation to partner decisions.
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3. Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour	
Supporting principles	Specific requirements to:
Ensuring Council Members and Officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance.	<p>Ensure that the Council's leadership sets a tone for the organisation by creating a climate of openness, support and respect.</p> <p>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.</p> <p>Put in place 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.</p>
Ensuring that organisational values are put into practice and are effective	<p>Develop and maintain values including leadership values for both the organisation and staff reflecting public expectations, and communicate these with Members, staff, the community and partners.</p> <p>Put into place arrangements to ensure that systems and processes are designed in conformity with appropriate ethical standards and monitor their continuing effectiveness in practice.</p> <p>Develop and maintain an effective Councillor Conduct Committee.</p> <p>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 Council.</p> <p>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.</p>

4. Taking informed and transparent decisions which are subject to effective scrutiny and management risk	
Supporting principles	Specific requirements to:
Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny	<p>Develop and 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.</p> <p>Develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based.</p> <p>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.</p> <p>Develop and maintain an effective Audit Committee which is independent of the executive and scrutiny functions or make other appropriate arrangements for the discharge of the functions of such a Committee.</p> <p>Ensure effective, transparent and accessible arrangements are in place for dealing with complaints.</p>
Have good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs.	<p>Ensure those making decisions whether the Council for the Council or the Partnership are provided with information that is fit for purpose – relevant, timely and gives clear explanations of technical issues and their implications.</p> <p>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.</p>

<p>Ensuring that an effective risk management system is in place.</p>	<p>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.</p> <p>Ensure that effective arrangements for whistle blowing are in place to which Officers, staff and all those contracting with or appointed by the Council have access.</p>
<p>Using their legal powers to the full benefit of the citizens and communities in their area.</p>	<p>Actively recognise the limits of lawful activity placed on them by, for example, the ultra vires doctrine, but also strive to utilise their powers to the full benefit of their communities.</p> <p>Recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on Councils by public law.</p> <p>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.</p>

5. Developing the capacity and capability of members and officers to be effective	
Supporting principles	Specific requirements to:
<p>Making sure that Members and officers have the skills, knowledge, experience and resources they need to perform well in their roles.</p>	<p>Provide induction programmes tailored to individual needs and opportunities for Members and Officers to update their knowledge on a regular basis.</p> <p>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.</p>
<p>Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group.</p>	<p>Assess the skills required by Members and Officers and make commitments to develop those skills to enable roles to be carried out effectively.</p> <p>Develop skills on a continuing basis to improve performance, including the ability to scrutinize and challenge and to recognise when outside expert advice is needed.</p> <p>Ensure that effective arrangements are in place for reviewing the performance of the Executives 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>
<p>Encouraging new talent for membership of the Council so that best use can be made of individuals' skills and resources in balancing continuity and renewal.</p>	<p>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 Council.</p> <p>Ensure that structures are in place for Members and Officers to encourage participation and development.</p>

6. Engaging with local people and other stakeholders to ensure robust public accountability	
Supporting principles	Specific requirements to:
<p>Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships.</p>	<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 Council is accountable and assess the effectiveness of the relationship and any changes required.</p> <p>Produce an annual report on the activity of scrutiny function.</p>
<p>Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery by the Council, in partnership or by commissioning.</p>	<p>Ensure clear channels of communication are in place with all sections of the community and other stakeholders, and put in place monitoring arrangements and 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 Council 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> <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 feedback mechanisms for those consultees to demonstrate what has changed as a result.</p>

	<p>On an annual basis, publish a council plan giving information on the Council's vision, strategic priorities and financial statements. This will align with the development of the resources strategy and ultimately the budget. In addition, publish an annual report which will give information about its outcomes, achievements and the satisfaction of service users in the previous period.</p> <p>Ensure that the Council 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>
<p>Making best use of human resources by taking an active and planned approach to meet responsibility to staff.</p>	<p>Develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making.</p>

4. Annual Review and Reporting

- 4.1 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.
- 4.2 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.
- 4.3 The preparation and publication of the Governance Statement will meet the statutory requirements of the Accounts and Audit Regulations which requires authorities to 'conduct a review at least once 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 Governance Statement will be prepared in accordance with the timetable in participation of financial statements in accordance with the Audit and Financial Regulations.