

# LOCAL CODE OF GOVERNANCE (The Code)

Version 1

June 2017

(Covering the 2016/17 accounting year)



place people pounds



## **What is Governance?**

*Governance comprises of the arrangement put in place to ensure that the intended outcomes for stakeholders are defined and achieved.*

### **International Framework definition of governance.**

The challenge for Wycombe District Council is to be able to demonstrate that it is doing the right thing, in a timely, inclusive, open, honest, effective and accountable way and to ensure that public funds are not put at risk.

The Delivering Good Governance in Local Government Framework 2016 (DGG framework) provides a framework that enables Wycombe District Council to design an approach and set of arrangements that are up to date, proportionate and relevant.

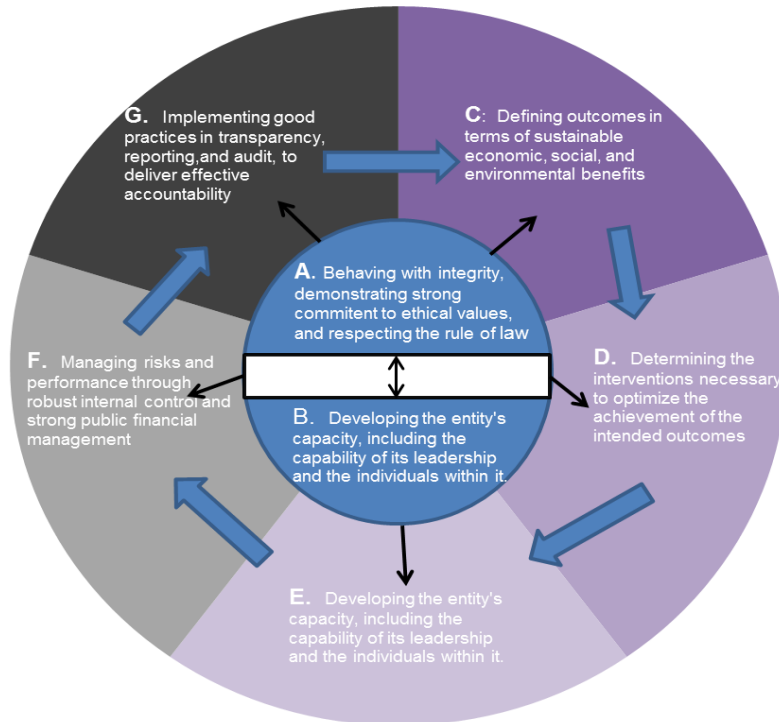
Wycombe District Council needs to be able to ensure that not only are its governance arrangements sound but are capable of being evidenced as being sound.

### **Developing a Local Code**

Wycombe is committed to the 7 principles contained in the Delivering Good Governance Framework and recognises the importance of conducting its business in accordance with the law and good practice and in doing so is able to ensure that the use of public money is safeguarded, properly accounted for and demonstrates value for money.

In demonstrating its commitment, Wycombe District Council has developed a Local Code of Governance (to be referred to as the “The Code”)

The diagram overleaf illustrates the inter-connectivity of the 7 main principles. Further information is contained at appendix 1 as the behaviours and actions that demonstrate good governance in practice.



*Diagram extract from the Delivering Good Governance in Local Government Framework 2016.*

Wycombe District Council aims to demonstrate that its governance system, processes and procedures are integral to the “business as usual” mind set as opposed to a set of rules and regulations that are designed and imposed from the corporate centre and then merely included as a series of statements as part of the published Annual Governance Statement.

By adopting this methodology, Wycombe District Council aims to ensure that processes are kept under review through a robust process of assurance (referred to as our Three Lines of Defence), which can be considered as fit for purpose in terms of currency and relevance.

The Three Lines of Defence model detailed below describes the functional segregation and reporting structures on which an opinion is sought in terms of the effectiveness of the internal controls in place and the management of risk.

**L**evel 1 Operational Management has ownership, responsibility and accountability for directly assessing, controlling and mitigating risks through a controls framework.

Level 2 Consists of those activities covered by several components of internal governance (risk management, performance management, IT). This line of defence monitors and facilitates the implementation of effective risk management practices by operational management and assists risk owners in reporting adequate risk and control related information.

Level 3 Independent assurance, provided by an independent Internal Audit function, through a risk based approach to its work and provides an assurance to the Audit Committee and the Strategic Management Board.

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The following table illustrates the key components on which our governance arrangements are to be based:

GOVERNANCE STRUCTURES – KEY COMPONENTS		
REQUIREMENTS	SOURCES	PROVIDERS – THREE LINES OF DEFENCE
Demonstrate delivery of corporate plan objectives	Cabinet, Council, Committees structure	<b>1st line of defence</b> <b>(Management controls, internal control measures):-</b>
Demonstrate value for money service delivery	Council's Constitution	Council's democratic arrangements
Management of risk	Risk management framework	Quarterly financial reporting
Reliable and accurate sound financial planning and performance	Project management framework	Customer feedback
Demonstrating effective system of internal control	Complaints system	Community consultation
Effective project management and delivery	HR policies and procedures	Staff surveys
Complaint procurement processes	Codes of Conduct	<b>2nd line of defence</b>
Officer and Member training	Officer and Member training	Risk Management Quality & Performance
Standards of behaviour and conduct Community engagement	Service plans & financial plan	<b>3rd line of defence</b> Internal Audit
Demonstrate public accountability	Independent external sources	<b>Examples of external 3rd party assurance:</b>
Ensuring compliance with law and regulations	Whistleblowing	External Audit Annual Opinion Inspectorate reports
Compliance with internal policies, protocols and procedures	Counter-fraud arrangements	
	Statutory Officers	

It is important that Wycombe District Councils approach to effective governance is understood by all. The following 8 goals demonstrate Wycombe District Councils approach to good governance.

- ❖ Clearly set out Wycombe's objectives and what it is trying to achieve.
- ❖ Measure and publicise how effective Wycombe's services are and take action to improve where performance is below target.
- ❖ Demonstrate how Wycombe's partnership arrangements are improving services for our residents.
- ❖ Making best use of public money by taking prudent and risk based financial decisions and measuring the value for money it achieves.
- ❖ Clear Constitution that sets out who can take which decisions.
- ❖ Members and Officers behaving in ways that reflect Wycombe's values and high standards of conduct.
- ❖ Record and publish the decisions that Wycombe takes and the reasons for them and where possible makes the most important decisions in public.
- ❖ Have in place a scrutiny function that holds the Executive to account.

To achieve this, the principles of good governance have been translated in to a framework that seeks to:

- Review our existing governance arrangements against the new Local Code
- Maintain the Local Code to ensure its ongoing application and effectiveness
- On an annual basis, prepare an Annual Governance Statement (AGS), a public document, that reports on how well Wycombe adheres to its own Local Code. This process will be used to demonstrate the effectiveness of the governance arrangements in the current year and considering any changes planned for next 12 months.

Appendix 2 provides an indication as to the range of current policies that underpin Wycombe's compliance with the 7 DGG principles.

The diagrams overleaf indicate what is in place and evidences how they support the two main principles contained in the Delivering Good Governance framework.

PRINCIPLE A - behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.



PRINCIPLE B - ensuring openness and comprehensive stakeholder engagement.



## Roles and Responsibilities

All Officers and Members are expected to commit to the principles of good governance; and there are several specific responsibilities at a group and individual level that should be acknowledged:

- Cabinet,
- Standards Committee,
- Audit Committee,
- .

Strategic Management Board (SMB) has a collective responsibility for good governance and this is underpinned by the role of the three statutory officers at Wycombe, two of which are members of SMB (\*):

Head of Paid Service	- Chief Executive (*)
Monitoring Officer	- District Solicitor
Section 151 Officer	- Head of Finance and Commercial (*)

Individual Heads of Service are responsible for the policies, protocol and procedures which form part of this Code and that fall within their functional responsibilities. Each Head of Service and their management team are responsible for ensuring that all relevant documentation is maintained and promulgated throughout the Council,

### **Monitoring, Review and Oversight**

Wycombe will aim to ensure that its governance arrangements are cornerstone to the functions and services delivered across the Council and through the involvement of SMB, to be able to provide a commentary as to the arrangements that have been applied during the year.

Strategic Management Board (SMB) is responsible for overseeing its application in practice and endorsing its content before submission to the Audit Committee, as part of the Annual Governance Statement process.

The Annual Governance Statement will continue to be signed by both the Leader of the Council and the Chief Executive and then made available on the Council's website as part of the published Annual Accounts.



This Code will be reviewed on an annual basis to ensure its continued relevance, currency and will consider the effectiveness of the processes contained in the Code. The review will also include an examination of the key processes and policies.

### **Key Process**

- Review of the Constitution
- Annual report for the Audit Committee
- Annual report for the Standards Committee
- Annual report of Improvement and Review Commission
- Internal Audit Annual report
- Information Governance Annual report
- Complaints Annual report
- External Audit Annual Letter
- Annual report (Corporate Plan)
- Review of Financial Regulations and Contract Standing Orders
- Value for Money Annual reports

### **Oversight**

Wycombe has the following Committees that are jointly responsible for overseeing its governance arrangements. These Committees are:

Audit Committee: - responsible for approving the Council's Annual Accounts and responding to the External Auditors Annual Audit letter. It also oversees the effectiveness of Wycombe governance and risk management arrangements, the internal control environment and associated Anti - Fraud and Corruption arrangements.  
<https://councillors.wycombe.gov.uk/mgCommitteeDetails.aspx?ID=140>

Standards Committee: - responsible for promoting and maintaining high standards of conduct amongst Members, advising the Council on the adoption and revision of the Code of Conduct for Members.  
<https://councillors.wycombe.gov.uk/mgCommitteeDetails.aspx?ID=192>

Personnel and Development Committee: - responsible for promoting and monitoring high standards of conduct amongst officers, advising the Council on the adoption and revision of the Officers Code of Conduct and the approval of its Whistleblowing Policy and it oversees the effectiveness of its arrangements in relation to whistleblowing.

<https://councillors.wycombe.gov.uk/mgCommitteeDetails.aspx?ID=246>

Improvement and Review Commission The function is to monitor decisions made by the Cabinet and to help review and develop council policy.

For each core principles there is a rationale that supports each principle and illustrates the arrangements that are currently in place:

CORE PRINCIPLE	WHAT'S BEST PRACTICE? WHATS IN PLACE? WHATS NEEDED?
<b>A - BEHAVING WITH INTEGRITY, DEMONSTRATING STRONG COMMITMENT TO ETHICAL VALUES, AND RESPECTING THE RULE OF LAW</b>	
<p><b>Rationale</b>            Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.</p>	<p><b>INTEGRITY</b></p> <p>Established Code of Conduct for Members that seeks to ensure that high standards of conduct are maintained.</p> <p>Procedures are in place outlining the arrangements for dealing with breaches with Code of Conduct.</p> <p>Established Standards Committee is in place and responsible for overseeing the conduct of Members and identifying training needs of Members in relation to the Code of Conduct. The Committee receives a quarterly report from the Councils Monitoring Officer.</p> <p><b>Area for Improvement: 1 - Consider introducing an Annual report outlining the work of the Standards Committee, detailing: training provided number of referrals and outcomes, any outside assurance as regards operational processes.</b></p> <p><b>Action Owner: District Solicitor</b></p> <p>Established Employee Code of Conduct that sets standards of behaviour and conduct that Wycombe expects of its employees The Employee Code of Conduct is in the Councils Constitution which is available on line. New employees are advised of the Code of Conduct as part of the induction process.</p> <p>The Employee Code of Conduct was last reviewed in December 2015 and is scheduled for review in December 2018. The Code of Conduct is published on the intranet and circulated via Review Point to all staff.</p> <p>Established Employee &amp; Member Gifts &amp; Hospitality policy is in place.</p> <p>Established self-declaration process in place that allows for individual Members to declare Interests and records of gift and hospitality, which is published on the Councils website. The date last changed is published online.</p>

CORE PRINCIPLE	WHAT'S BEST PRACTICE? WHATS IN PLACE? WHATS NEEDED?
	<p><b><u>Area for Improvement 2:</u> Reminder to be issued to All Members of the need to ensure that all disclosures are made.</b>  <b>Action Owner: District Solicitor</b></p> <p>Members declaration of interests are a standing item on all agendas, with minutes that show declarations of interest were sought and appropriate declarations were made and adhered too.</p> <p>Standard decision making report used for all full Council Committee decisions.</p> <p>Established protocol for recording Council Representation on Outside Bodies. A list is available on line online.</p> <p>Established corporate Compliments and Complaints policy in place which is available on the Councils website as both online and downloadable report. Quarterly reports to Strategic Management Board and included in quarterly Performance Report to the Audit Committee.</p> <p><b><u>Area for Improvement 3:</u> Consideration is given to compiling an annual report that details, where as a Council, it has learnt from the outcome(s) of a complaint.</b></p> <p><b>Action Owner: Head of Democratic Legal and Policy</b></p> <p>Established Whistleblowing policy is in place under the control of the Personnel and Development Committee.</p> <p><b><u>Area for Improvement 4:</u> Review to be undertaken as regards the: currency of the WB policy, approval process: Member and Officer awareness.</b></p> <p><b>Action Owner: Head of HR, ICT &amp; Shared Support Services</b></p> <p><b>ETHICAL VALUES</b></p> <p>Published Constitution which sets outs Delegation of the Executive, Committees and Senior Officers , the decision making process to be adhered too</p> <p>Terms of Reference exist for all Committees, included as part of the Constitution review reported in March 2016 to the Regulatory and Appeals Committee</p>

CORE PRINCIPLE	WHAT'S BEST PRACTICE? WHATS IN PLACE? WHATS NEEDED?
	<p><b>Area for Improvement 5: Further work to be undertaken in 2017/18 in the Democratic, Legal &amp; Policy Team consisting of a review covering both the Constitution and the wider decision making &amp; governance arrangements.</b></p> <p><b>Action Owner: Head of Democratic Legal and Policy</b></p> <p>Established Contact Standing Orders &amp; Financial Regulations available via the intranet Contact Standing Orders were reviewed between August 2015 and February 2016. The key changes were agreed at Council 11<sup>th</sup> April 2016, having previously been approved at Regulatory and Appeals Committee.</p> <p>Contract Management Handbook appended as part of Contract Standing Orders and was reviewed in June 2016 by an external consultant. Staff were last reminded of the existence of the handbook as part wider training on Contract Standing Orders.</p> <p>Partnership Governance Protocol- covering the seven principles public life and which sets out the governance structures and processes for partnership working arrangements</p> <p><b>Confirmed by the Head of DLP (May 2017) that the Council does not currently have sufficient partnerships that warrant a partnership protocol.</b></p> <p><b>RESPECTING THE RULE OF LAW</b></p> <p>Constitution identifies the roles for both the District Solicitor as the Councils Monitoring Officer and the Head of Finance as the Section 151 Officer.</p> <p>Established Anti-Fraud and Corruption Policy is in place, approved annually by the Audit Committee, held on Councils intranet site and circulated to staff on a periodic basis (Review Point)</p> <p>Established Anti- Money Laundering Protocol is in place, circulated to key staff on a periodic basis via Review Point.</p> <p>Established RIPA Policy in place, circulated to SMB and Authorising Officers via Review Point - October 2016. Annual report presented to the Audit Committee for their consideration and approval.</p>

CORE PRINCIPLE	WHAT'S BEST PRACTICE? WHATS IN PLACE? WHATS NEEDED?
<b>B- ENSURING OPENNESS AND COMPREHENSIVE STAKEHOLDER ENGAGEMENT.</b>	
<p><b>Rationale</b>  Local government is run for the public good; organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.</p>	<p>Agendas, reports and minutes are published on the Councils website. Meetings are open to the public, unless in the case of exempt items.  Dates for submitting, publishing and distributing reports are set and adhered to.  Established procedure - Checklist of Relevant Consideration for Decision Making</p> <p>Established Publication Scheme that describes the kind of information available and guidance about how to access information and submit a Freedom of Information request.</p> <p>Able to demonstrate that the Council has adopted best practice as per the Department for Community's &amp; Local Government (DCLG) as regards to the Transparency Code - 2014.</p> <p>Annual publication of the Councils Accounts</p> <p>Annual consultation of the Councils draft budget</p> <p>Corporate Plan and Annual Report which is available on the Councils website.</p> <p><b><u>Area for Improvement 6:</u> Review to be undertaken to assess the purpose and applicability the current corporate Plan and Annual Report.</b></p> <p><b>Action Owner: Head of Democratic Legal and Policy</b></p> <p>Established process for publishing Quarterly Financial and Performance information-</p> <p><b><u>Area for Improvement 7:</u> Review to be undertaken to assess the purpose and applicability the quarterly financial and performance process.</b></p> <p><b>Action Owner: Head of Finance and Commercial (\$151)</b></p> <p><b>Engaging with residents, service users and stakeholders</b></p> <p>Established Communications Strategy which sets out the plan for maintaining /improving communications across the Council with employees, partners, residents, businesses and other stakeholders.</p> <p><b><u>Area for Improvement 8:</u> Review to be undertaken to assess the purpose and content of the current Communications policy.</b></p>

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	<p><b>Action Owner: Head of Democratic Legal and Policy.</b></p> <p>Established database of stakeholders with Wycombe should engage with.  <b>Confirmed by the Head of DLP (May 2017) that the Council does not currently maintain a database of engagement stakeholders.</b></p> <p>Community Engagement framework that sets out how Wycombe consults with the public, and how the outcomes/results of the consultations are communicated and recorded.</p> <p><b>Confirmed by the Head of Democratic Legal and Policy (May 2017) that the Council has an Engagement Toolkit to support officers when undertaking a consultation, however no provision is made for providing a report as to the effectiveness of the consultation process and whether the outcomes were achieved.</b></p> <p><b>Area for Improvement 9: Review to be undertaken to refresh and update the current Engagement strategy and toolkit</b>  <b>Action Owner: Head of Democratic Legal and Policy</b></p>
<b>C- DEFINING OUTCOMES IN TERMS OF SUSTAINABLE ECONOMIC, SOCIAL AND ENVIRONMENTAL ASPECTS</b>	
<p><b>Rationale</b></p> <p>The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation's purpose, contribute to intended benefits and outcomes and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users and institutional stakeholders is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.</p>	<p>Wycombe has a corporate plan with sets out the visions and priorities together with its aims and actions. <b>(See Area for Improvement 6)</b>  Economic Development Strategy which sets out Wycombe's approach to sustainable development.</p> <p><b>Confirmed by the Head of DLP (May 2017) that the Council is currently preparing an Economic Development Strategy.</b></p> <p>Community Engagement Strategy – <b>Confirmed by the Head of DLP (May 2017) that the Council does have a Community Engagement Strategy however it requires updating.</b></p> <p>Household Survey – when last conducted , results published, ,action plans and ownership- <b>Confirmed by the Head of Democratic, Legal and Policy, (May 2017) that the last Household survey was undertaken in 2014 and one will be scheduled for next year.</b></p> <p>Local Plan – The Council is in the process of preparing a new Local Plan that will set out how development should take place in the District to further social, economic and environmental objectives. The Plan will be adopted during 2018. It will replace the current</p>

CORE PRINCIPLE	WHAT'S BEST PRACTICE? WHATS IN PLACE? WHATS NEEDED?
	<p>plan which is made up of three documents: Local Plan (2003); Core Strategy (2007) and Delivery and Site Allocations Plan (2013). These are the current plans against which any development proposed in the District is assessed, to ensure it meets the right quality standards.</p>
<p><b><i>D- DETERMINING THE INTERVENTIONS NECESSARY TO OPTIMISE THE ACHIEVEMENT OF THE INTENDED OUTCOMES</i></b></p>	
<p><b>Rationale</b>  Local government achieves its intended outcomes by providing a mixture of legal, regulatory and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types and resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.</p>	<p>The format of decision making reports ensure that all relevant information is considered such as the analysis of options, resource implications and defined outcomes with an established "Checklist of Relevant Considerations for Decision Making" process in place.</p> <p>Consultation Engagement Policy in place that sets out Wycombe's commitment to involving local residents in its most important decisions through community engagement and sets out how this works in practice. <b>See Area for Improvement No 9</b></p>
<p><b><i>E- DEVELOPING THE ENTITY'S CAPACITY, INCLUDING THE CAPABILITY OF ITS LEADERSHIP AND THE INDIVIDUALS WITHIN IT.</i></b></p>	
<p><b>Rationale</b>  Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively and achieve intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership in local government is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.</p>	<p>Workforce Strategy which was refreshed and approved in September 2016. Staff development is also included in individual Service Plans. Individual development requirements are included in Performance Management Framework through use of personal development plans.</p> <p>The Council has an established training programme for "the Wycombe Manager"</p> <p>Council values (CARVAC behaviours) are embedded in organisational development</p> <p>Established protocol on Member /Officer relations that assists Members and Officers to achieve good working relationships in the conduct of Council business.</p> <p>A Scheme of Delegation is in place and reviewed in light of legal and organisational changes.</p> <p>Wycombe's Constitution sets out the financial management arrangements through its Financial Regulations and Contract Standing Orders.</p> <p>On line mandatory induction programme is in place for all new officers.</p> <p>Training opportunities is made available through the publication of a corporate training</p>

CORE PRINCIPLE	WHAT'S BEST PRACTICE? WHATS IN PLACE? WHATS NEEDED?
	<p>programme.</p> <p>Health and Safety policies designed to both protect and enhance the welfare of staff are actively promoted and monitored (service based H&amp;S plans)</p> <p>Annual employee performance review system in place along with Personal Development Plans. A summary report of performance assessments is presented to SMB.</p> <p>Established Approved Qualification Scheme (AQS) scheme in place.</p> <p>A training needs analysis is undertaken to review training requirements and is included in the Workforce Strategy.</p> <p>A review of the outcomes of the training and development courses is undertaken and included as part of the annual Workforce Report.</p>
<b>F- MANAGING RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT</b>	
<p><b>Rationale</b></p> <p>Local government needs to ensure that the organisations and governance structures that it oversees have implemented and can sustain an effective performance management system that facilitates effective and efficient delivery of planned services.</p> <p>Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes.</p> <p>Risk should be considered and addressed as part of all decision-making activities.</p> <p>A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability.</p> <p>It is also essential that a culture and structure for scrutiny be in place as a key part of accountable decision-making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.</p>	<p><b>Managing Risk</b></p> <p>Established Risk Management Strategy in place, available on intranet, reviewed annually by the Audit Committee. Used to assist Services when compiling operational risk registers as well as individual Risk Owners as part of the Strategic Risk Register.</p> <p>Strategic Risk Register reviewed on a quarterly basis by Strategic Management Board who seeks assurance from individual Risk Owners that the risk register is kept up to date and actions to mitigate risks are implemented.</p> <p><b>Managing Performance</b></p> <p>Series of key indicators have been identified which supports the Councils Corporate Plan</p> <p>Assigned officers are responsible for the compilation of performance information and the process is overseen by the Councils Policy Team.</p> <p>Established process whereby quarterly performance reports are presented to the Strategic Management Board and the Audit Committee on a quarterly basis.</p> <p>Established as part of the Constitution that allows an Improvement and Review Commission (IRC) to challenge and debate policy decisions made by the Executive function of the Council.</p>



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	<p>Agenda, minutes of IRC meetings and any associated reports with recommendations to the Executive are published on the Councils website.</p> <p>Training for IRC members is provided initially on induction and then on an annual basis or as specific subjects are called in.</p> <p>Established Contract Standing Orders and Financial Regulations sets out the Councils arrangements and aim to ensure that processes operate consistently.</p> <p><b>Internal control</b>  An annual report is produced by the Chief Audit Executive which provides an opinion on the Councils control environment as regards the operation of the Councils control environment.</p> <p>Requirement to introduce a self-assessment of Internal Audits arrangements against the public sector internal audit standards.</p> <p>Established Anti-Fraud and Corruption which is subject to regular review and is approved by the Audit Committee.</p> <p>Established process for producing half yearly reports to the Audit Committee as regards the level of anti- fraud activity undertaken.</p> <p>To introduce a new Local Code of Governance based on the Principles as set out in CIPFA's Delivering Good Governance 2016 Framework.</p> <p>Established process in place whereby the Audit Committee review the Annual Governance Statement (AGS).</p> <p>Established process in that the Audit Committee Terms of Reference are reviewed annually and revised if appropriate to reflect professional bodies' expectations and best practice.</p> <p>Established process is in place that allows for the provision of training to members of the Audit Committee, relevant to their roles</p> <p>Established process to undertake an annual self-assessment exercise to establish Committee members knowledge and core skills, in line with CIPFA best practice</p>

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	<p>Established process is in place to produce an annual report for the workings of the Audit Committee and this is published on the Councils website.</p> <p><b>Managing Data</b> Established procedures in place for the effective, fair and lawful processing of data as set out in a Data Protection Policy, Record Management Policy and Service based registers.</p> <p>Established Guidelines in place "Information Security and Acceptable Usage" for both new starters and existing officers. Guidelines were considered by Joint Staff and Personnel &amp; Development Committee in March 2016. Last circulated via Review Point in March 2014 and is therefore due for refresh.</p> <p>Data Subjects are informed how and why their personal information is being collected and how it will be processed.</p> <p>Established role of Service based Information Asset Owners, with prescribed terms of reference.</p> <p>Established Information Governance Group in place.</p> <p><b>Financial Management</b> Compliance with all statutory and regulatory requirements, supplemented by due regard to local government guidelines /practice as issued by advisory bodies such as CIPFA.</p> <p>Financial procedures are documented in Financial Regulations.</p> <p>Established process in place as regards quarterly a budgetary control report to SMB and Cabinet.</p> <p>Established process in place as regards the approval of Treasury Management Policy Statement by Cabinet with half yearly reports to Audit Committee as regards the delivery of the Treasury Management Strategy.</p>
<b>G- IMPLEMENTING GOOD PRACTICE IN TRANSPARENCY, REPORTING, AND AUDIT TO DELIVER EFFECTIVE ACCOUNTABILITY.</b>	
<p><b>Rationale</b> Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.</p>	<p>Transparency – good practice Agendas, reports and minutes are published on the Councils website Adoption and publication of a Transparency Code (based on the National Transparency Code)</p>

CORE PRINCIPLE	WHAT'S BEST PRACTICE? WHATS IN PLACE? WHATS NEEDED?
	<p>Annual Financial Statement are compiled, published to timetable and included on the Councils website.</p> <p>Annual Governance Statement compiled and published as line with the requirements of the Annual Financial Statements.</p> <p>Annual report compiled and published and included on the Councils website.</p> <p>Implementing a Local Code of Governance (the Code) which sets out .the Councils governance framework, with the results of the annual review of its effectiveness published AGS, along with any areas for improvement.</p> <p>An effective internal audit service is in place which suitably resourced. The Chief Audit Executive has direct access to Members, the Chair of the Audit Committee and provides assurance on the governance arrangements via an annual report containing an opinion on the Councils internal control arrangements.</p> <p>External Audit provides an annual opinion on the Councils financial statements and arrangements for securing value for money.</p>

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## The Principles of Good Governance Core principles and sub-principles of good governance

### Core principles (shown in bold)

Acting in the public interest requires a commitment to and effective arrangements for:

- A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law**
- Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

### Sub-principles (shown in bold)

Behaviours and actions that demonstrate good governance in practice are illustrated in the bullet points.

#### **Behaving with integrity**

- Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated, thereby protecting the reputation of the organisation.
- Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles)
- Leading by example and using the above standard operating principles or values as a framework for decision making and other actions
- Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes, which are viewed on a regular basis to ensure that they are operating effectively.

#### **Demonstrating strong commitment to ethical values**

- Seeking to establish, monitor and maintain the organisation's ethical standards and performance
- Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation
- Developing and maintaining robust policies and procedures, which place emphasis on agreed ethical values
- Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with ethical standards expected by the organisation

#### **Respecting the rule of law**

- Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations
- Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements
- Striving to optimise the use of the full powers

## Core principles (shown in bold)

### **Ensuring openness and comprehensive stakeholder engagement**

Local government is run for the public good; organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

## Sub-principles (shown in bold)

available for the benefit of citizens, communities and other stakeholders

- Dealing with breaches of legal and regulatory provisions effectively
- Ensuring corruption and misuse of power are dealt with effectively

### **Openness**

- Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness
- Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided
- Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear.
- Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/courses of action.

### **Engaging comprehensively with institutional stakeholders**

NB Institutional stakeholders are the other organisations that local government needs to work with to improve services and outcomes (such as commercial partners and suppliers, as well as other public or third sector organisations) or organisations to which they are accountable

- Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear, so that outcomes are achieved successfully and sustainably
- Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively
- Ensuring that partnerships are based on:
  - trust
  - a shared commitment to change
  - a culture that promotes and accepts challenge among partners

and that the added value of partnership working is explicit

### **Engaging with individual citizens and service users effectively**

- Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve communities, individual citizens, service

## Core principles (shown in bold)

## Sub-principles (shown in bold)

In addition to the overarching requirements for acting in the public interest in principles A and B, achieving good governance also requires a commitment to and effective arrangements for:

### **C. Defining outcomes in terms of sustainable economic, social and environmental benefits**

The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation's purpose, contribute to intended benefits and outcomes and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users and institutional stakeholders is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.

users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes

- Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement
- Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds, including reference to future needs
- Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account
- Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity
- Taking account of the impact of decisions on future generations of taxpayers and service users.

Behaviours and actions that demonstrate good governance in practice are illustrated in the bullet points.

### **Defining outcomes**

- Having a clear vision, which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the organisation's overall strategy, planning and other decisions
- Specifying the intended impact on, or changes for, stakeholders, including citizens and service users. It could be immediately or over the course of a year or longer
- Delivering defined outcomes on a sustainable basis within the resources that will be available
- Identifying and managing risks to the achievement of outcomes
- Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available

### **Sustainable economic, social and environmental benefits**

- Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision
- Taking a longer-term view with regard to decision

### **D. Determining the interventions necessary to optimise the achievement of the intended outcomes**

Local government achieves its intended outcomes by providing a mixture of legal, regulatory and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types and resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.

making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints

- Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs
- Ensuring fair access to services

#### **Determining interventions**

- Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore ensuring best value is achieved however services are provided.
- Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available, including people, skills, land and assets and bearing in mind future impacts.

#### **Planning interventions**

- Establishing and implementing robust planning and control cycles that cover strategic and operational plan, priorities and targets
- Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered
- Considering and monitoring risks facing each partner when working collaboratively, including shared risks.
- Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances
- Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured
- Ensuring capacity exists to generate the information required to review service quality regularly
- Preparing budgets in accordance with objectives, strategies and the medium term financial plan
- Informing medium and long-term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy.

**Core principles (shown in bold)****Sub-principles (shown in bold)****E. Developing the entity's capacity, including the capability of its leadership and the individuals within it**

Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively and achieve intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership in local government is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

**Optimising achievement of intended outcomes**

- Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints
- Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term
- Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period, in order for outcomes to be achieved while optimising resource usage.
- Ensuring the achievement of 'social value' through service planning and commissioning

**Developing the entity's capacity**

- Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness
- Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently
- Recognising the benefits of partnership and collaborative working where added value can be achieved
- Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources

**Developing the capability of the entity's leadership and other individuals**

- Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained
- Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body
- Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority.
- Developing the capabilities of members and senior management to achieve effective leadership and



## Core principles (shown in bold)

## Sub-principles (shown in bold)

### **F. Managing risks and performance through robust internal control and strong public financial management**

Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision-making activities.

A strong system of financial management is essential for the

to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by:

- Ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged
- Ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis
- Ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses, both internal and external
- Ensuring that there are structures in place to encourage public participation
- Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections
- Holding staff to account through regular performance reviews, which take account of training or development needs
- Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing

### **Managing risk**

- Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making
- Implementing robust and integrated risk management arrangements and ensuring that they are working effectively.
- Ensuring that responsibilities for managing individual risks are clearly allocated

### **Managing performance**

- Monitoring service delivery effectively, including planning, specification, execution and independent post implementation review.
- Making decisions based on relevant, clear objective analysis and advice, pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook.

## Core principles (shown in bold)

implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability.

It is also essential that a culture and structure for scrutiny be in place as a key part of accountable decision-making, policymaking and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

## Sub-principles (shown in bold)

- Ensuring an effective scrutiny or oversight function is in place that provides constructive challenge and debate on policies and objectives before, during and after decisions are made, thereby enhancing the organisation's performance and that of any organisation for which it is responsible. (Or for a committee system)
- Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making
- Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement
- Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements)

### **Robust internal control**

- Aligning the risk management strategy and policies on internal control with achieving objectives
- Evaluating and monitoring risk management and internal control on a regular basis
- Ensuring effective counter fraud and anti-corruption arrangements are in place
- Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor
- Ensuring an audit committee or equivalent group/function, which is independent of the executive and accountable to the governing body:
  - Provides further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment that its recommendations are listened to and acted upon

### **Managing data**

- Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data
- Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies
- Reviewing and auditing regularly the quality and accuracy of data used in decision-making and performance monitoring.

### **G. Implementing good practices in transparency, reporting and audit, to deliver effective accountability**

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned with not only reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

#### **Strong public financial management**

- Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance
- Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls

#### **Implementing good practice in transparency**

- Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate
- Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand.

#### **Implementing good practices in reporting**

- Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way
- Ensuring members and senior management own the results reported
- Ensuring robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the annual governance statement)
- Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations

#### **Assurance and effective accountability**

- Ensuring that recommendations for corrective action made by external audit are acted upon
- Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon
- Welcome peer challenge, reviews and inspections from regulatory bodies and implementing recommendations
- Gaining assurance on risks associated with delivering services through third parties and that

**Core principles (shown in bold)**

**Sub-principles (shown in bold)**

this is evidenced in the annual governance statement

- Ensuring that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met

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