

LOCAL CODE OF GOVERNANCE

MANAGING THE BUSINESS

Produced by: Head of Internal Audit

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Audit Committee: March 2011

Cabinet: June 2011

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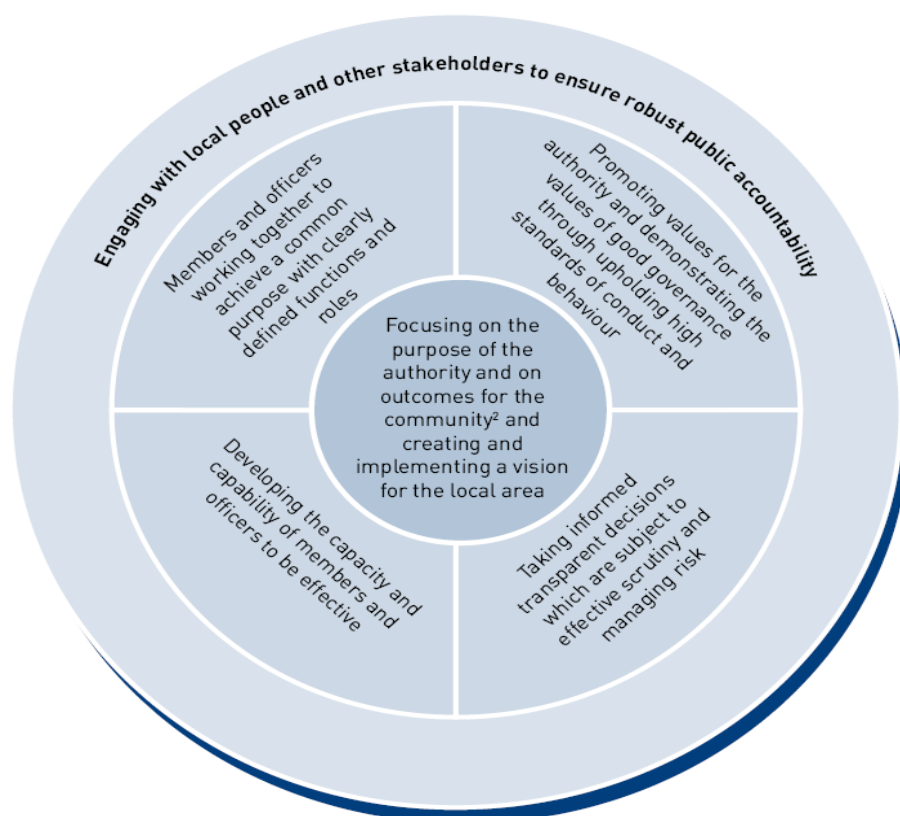
INTRODUCTION

Good governance leads to good management, good performance, good stewardship of public money, good public engagement and, ultimately, good outcomes for citizens and service users. Good governance enables an authority to pursue its vision effectively as well as underpinning that vision with mechanisms for control and management of risk. All authorities should aim to meet the standards of the best and governance arrangements should not only be sound but also be seen to be sound.

Good governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.

Each local government body operates through a governance (otherwise known as business management) framework that brings together an underlying set of legislative requirements, governance principles and management processes.

This document sets out Southend-on-Sea Borough Council's Local Code of Governance (the Code) and the process for monitoring and maintaining it. This Code provides the framework for the Council to achieve its aims and objectives. It is designed to reflect the six core principles taken from *The Good Governance Standard for Public Services* (2004) developed by the Independent Commission on Good Governance in Public Services with support from the Office for Public Management and CIPFA, adapted for local government purposes.



2. Including citizens and service users.

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Below are the six core principles and the key means by which they will be applied:

FOCUSING ON THE PURPOSE OF THE AUTHORITY AND ON OUTCOMES FOR THE COMMUNITY AND CREATING AND IMPLEMENTING A VISION FOR THE LOCAL AREA

- exercising strategic leadership by developing and clearly communicating the authority's purpose and vision and its intended outcomes for citizens and service users
- ensuring that users receive a high quality of service whether directly, or in partnership, or by commissioning
- ensuring that the authority makes best use of resources and that taxpayers and service users receive excellent value for money.

MEMBERS AND OFFICERS WORKING TOGETHER TO ACHIEVE A COMMON PURPOSE WITH CLEARLY DEFINED FUNCTIONS AND ROLES

- ensuring effective leadership throughout the authority and being clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny function
- ensuring that a constructive working relationship exists between authority members and officers and that the responsibilities of authority members and officers are carried out to a high standard
- ensuring relationships between the authority and the public are clear so that each knows what to expect of the other.

PROMOTING VALUES FOR THE AUTHORITY AND DEMONSTRATING THE VALUES OF GOOD GOVERNANCE THROUGH UPHOLDING HIGH STANDARDS OF CONDUCT AND BEHAVIOUR

- ensuring authority members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance
- ensuring codes of behaviour are in place and adhered to
- ensuring that organisational values are put into practice and are effective.

TAKING INFORMED AND TRANSPARENT DECISIONS WHICH ARE SUBJECT TO EFFECTIVE SCRUTINY AND MANAGING RISK

- being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny
- having good-quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs
- ensuring that an effective risk management system is in place
- using legal powers to the full benefit of the citizens and communities in the area.

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DEVELOPING THE CAPACITY AND CAPABILITY OF MEMBERS AND OFFICERS TO BE EFFECTIVE

- making sure that members and officers have the skills, knowledge, experience and resources they need to perform well in their roles
- developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group
- encouraging new talent for membership of the authority so that best use can be made of individuals' skills and resources in balancing continuity and renewal.

ENGAGING WITH LOCAL PEOPLE AND OTHER STAKEHOLDERS TO ENSURE ROBUST PUBLIC ACCOUNTABILITY

- exercising leadership through a robust scrutiny function which effectively engages local people and all local stakeholders, including partnerships, and develops constructive accountability relationships
- taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the authority, in partnership or by commissioning
- making best use of human resources by taking an active and planned approach to meet its responsibilities to staff.

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GOVERNANCE / BUSINESS MANAGEMENT FRAMEWORK

The purpose of this Code is to ensure the Council’s vision and key priorities are effectively promoted and progressed. This is achieved by adopting the six core principles and delivering them through the application of its key corporate business management processes as set out below:

The list is not exhaustive. Those selected for this purpose are processes that most services would apply on an ongoing basis rather than when a specific need applies e.g. recruiting staff.

Managing the Business

<p style="text-align: center;">MANAGING CUSTOMERS</p> <ul style="list-style-type: none">• Community Engagement• Customer Satisfaction (performance management)• Complaints, Compliments and Comments	<p style="text-align: center;">MANAGING PERFORMANCE</p> <ul style="list-style-type: none">• Legislative Framework and Committee Structure• Business Strategy and Planning• Policy Framework• Performance Management and Data Quality• Risk Management• Project Management• Information Management• Partnerships
<p style="text-align: center;">MANAGING PEOPLE</p> <ul style="list-style-type: none">• Codes of Conduct for Members and Staff• Staff Appraisal system (performance management)• Sickness Absence (performance management)• Health and Safety (risk management)	<p style="text-align: center;">MANAGING RESOURCES</p> <ul style="list-style-type: none">• Financial Reporting including Budgetary Control and Treasury Management• Asset Management• Procurement• Value for Money• Anti-Fraud & Corruption and Whistleblowing (risk management)• Business Continuity (risk management)

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IMPLEMENTING THE CODE

Local government bodies are responsible for ensuring that their business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. Therefore the development of this Code (that is consistent with good practice principles) will help to ensure proper arrangements are in place to meet that responsibility.

The Council recognises that achieving high standards of governance encourages stakeholders to have confidence in it and allows the Council to more effectively undertake the role of Community Leader.

Authorities should therefore undertake regular, at least annual, reviews of their governance arrangements to ensure continuing compliance with good practice guidance. It is important that such reviews are reported on both within the authority, to the Audit Committee, and externally with the published accounts, to provide assurance that:

- they are fit for purpose and operating effectively in practice, or
- where improvement opportunities are identified, action is planned that will ensure they will operate more effectively in future.

Council has delegated responsibility for monitoring the robustness of these arrangements to the Audit Committee as confirmed in its terms of reference

The responsibilities for monitoring the application of the key corporate business management processes is summarised in the **three lines of defence**¹ model whereby:

As a first line of defence

Operational management has ownership, responsibility and accountability for the effective and consistent application of the key corporate business management process in their area of operation.

As a second line of defence

The 'owner' or 'sponsor' of the key corporate business management process has responsibility and accountability for the overall operation of the process and should ensure:

- the process is fit for purpose (e.g. based upon relevant good practice), regularly reviewed and approved by senior management and members
- the process is constructed so that evidence of its application is easily produced as 'business as usual';

¹ Based upon general industry good practice, more specifically guidance issued by the European Confederation of Institutes of Internal Auditing "*monitoring the effectiveness of internal control, internal audits and risk management systems*" September 2010

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- there are proportionate and cost-effective mechanisms to receive appropriate and sufficient evidence from operational management to confirm the effective and consistent application of the process
- informative, regular and timely reports are provided to senior management setting out whether the process has been operating effectively and consistently and any actions required should this not be the case.

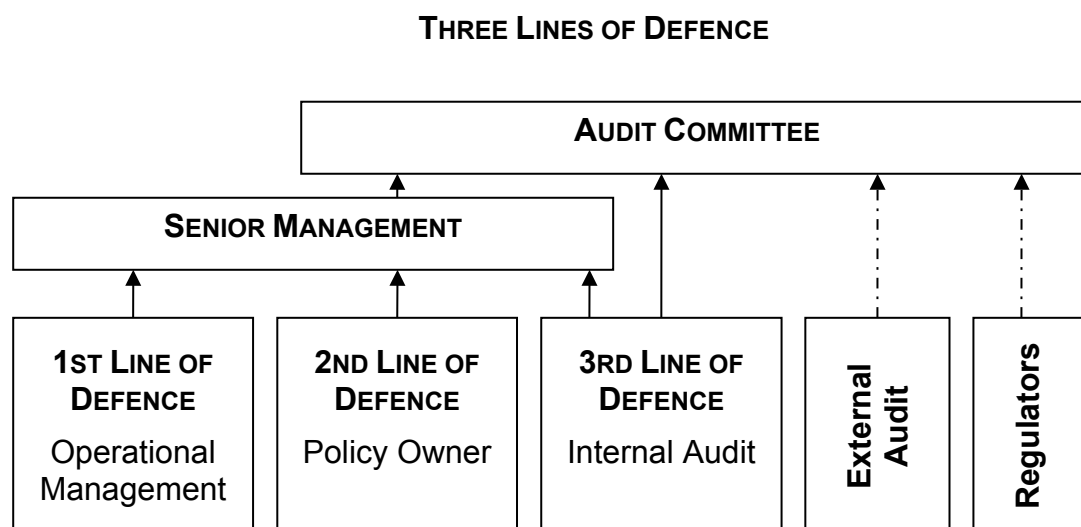
As a third line of defence

Internal audit will, through a risk based approach, provide assurance to the organisation's senior management and audit committee, on how effectively the first and second lines of defence both have and are operating.

This work forms part of the evidence that supports of the Head of Internal Audit's annual opinion on the adequacy and effectiveness of the Council's systems of internal control.

General remark

Assurance from external sources, such as external audit, regulators and peers, can be considered as a fourth line of defence where any of these sources' activity is relevant and robust.



Appendix 1 sets out how this assurance supports the production of the Annual Governance Statement.

An annual work programme for the audit committee is agreed that ensures it receives sufficient and appropriate information to enable it to discharge this duty and ultimately recommend adoption of the **Annual Governance Statement** to Council.

The draft Annual Governance Statement is presented to the June Audit Committee to approve. The Chief Executive and Leader sign it off on behalf of the Council prior to the opinion being given on the financial statements, as a true reflection of the adequacy and effectiveness of the Council's corporate governance arrangements for the year in question.

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This approach to reporting ensures that the principles of corporate governance are embedded in the culture of the Council and are transparent to stakeholders.

COMMUNICATION STRATEGY

The Code is available on the intranet and internet and is therefore accessible to all staff, members, the public and other stakeholders.

Reference is made to the Code within the Council's induction package for new staff.

The Code is given to new members on election and is covered as part of the induction process. Copies are also available in the Members room.

A briefing is provided for Team Meetings and members following a substantial update of the Code (which would be approved by Cabinet in June).

Both members and officers receive training as required on the key business management processes outlined above.

THE LOCAL CODE OF GOVERNANCE CAN BE FOUND AT www.southend.gov.uk

For queries relating to the Code, please contact the Head of Policy & Improvement on 01702 215194.