

LOCAL CODE OF GOVERNANCE

THE COUNCIL'S OVERALL FRAMEWORK FOR MANAGING ITS BUSINESS

Produced by: Head of Internal Audit
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Approved by: **Corporate Management Team: March 2012**
Audit Committee: March 2012
Cabinet: June 2012

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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 framework that brings together an underlying set of values, legislative requirements, governance principles and business management processes that enable them to achieve their aims and objectives.

This document sets out:

- how the Code is implemented and communicated to both members and staff.
- the principles and values by which the Southend-on-Sea Borough Council (the Council) operates
- the key strategic business management process it applies in order to enable it to deliver the services required by its local community

In producing this Code and the supporting operational framework, account has been taken of the good practice guidance provided by Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives and Senior Managers (SOLACE) publication: *Delivering Good Governance in Local Government - Framework (2007)* (CIPFA Framework).

This reflects the six core principles 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.

COMMUNICATION STRATEGY

This Code forms part of the Constitution which is available on the internet. It is therefore accessible to all staff, members, the public and other stakeholders.

The Code is given to new members and newly appointed staff and is covered as part of the respective induction process. Copies are also available in the Members room. Training on aspects of the governance framework or the application of key business management processes is provided as required.

Contact the Head of Internal Audit on 01702 534015 re queries regarding the Code.

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PRINCIPLES AND VALUES

The Council is accountable for the proper conduct of public business. Therefore **at an organisational level**, the Council has adopted the six core principles from the CIPFA Framework as the basis on which it wants to operate. These are outlined below with the key means by which they will be applied:



2. Including citizens and service users.

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

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- 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.

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

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- making best use of human resources by taking an active and planned approach to meet its responsibilities to staff.

At an individual level, members and employees, in discharging their roles to ensure that their own conduct complies with these overarching good governance principles, are expected to adopt;

- the **Nolan Committee's Seven Principles of Public Life**, refer to **Appendix 1**,
- the **Council's own values** as outlined below.

Our Values



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BUSINESS MANAGEMENT FRAMEWORK

All organisations, whether public or private, large or small, need to operate the same core business management processes in order to enable them to set and deliver their vision, aims and objectives.

Appendix 2 sets out the arrangements required to operate a successful organisation. They can also be structured under the four key business management activities that all successful organisations discharge well.

<p style="text-align: center;">MANAGING CUSTOMERS</p> <ul style="list-style-type: none">• Community Engagement• Customer Satisfaction (<i>performance management</i>)• Complaints, Compliments and Comments (<i>performance management</i>)	<p style="text-align: center;">MANAGING PERFORMANCE</p> <ul style="list-style-type: none">• Business Strategy and Planning• Committee Structure, Constitution, Policy Framework and Procedures• Performance Management• Risk Management, Whistleblowing and Business Continuity• Data Quality• Data Management and Security• Contract Management• Project Management
<p style="text-align: center;">MANAGING PEOPLE</p> <ul style="list-style-type: none">• Workforce Development Planning• Codes of Conduct for Members and Staff• Staff Performance Management (<i>performance management</i>)• Health and Safety (<i>risk management</i>)	<p style="text-align: center;">MANAGING RESOURCES</p> <ul style="list-style-type: none">• Financial Planning and Treasury Management• Asset Management• Fraud & Corruption and Insurance (<i>risk management</i>)• Budgetary Control• Procurement and Value for Money

Any organisation that manages itself well should be in a strong position to successfully deliver what ever services it chooses to.

These are also the processes identified within the CIPFA Framework as being critical to the delivery of good governance.

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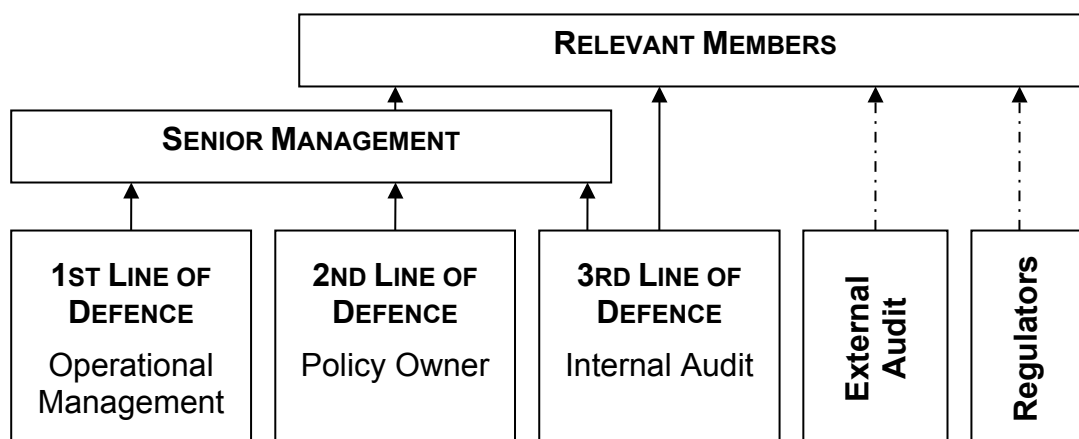
IMPLEMENTING THE CODE

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.

Local government bodies are also 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 purpose of this Code is to help members and staff to understand the overarching framework established by the Council to achieve these aims.

In order to ensure that the business management framework set out above is in place and operating properly throughout the year, the Council has adopted the concept contained in the **THREE LINES OF DEFENCE¹** model, as shown below.



Whereby ongoing assurance of robust process application is obtained via:

The first line of defence which is:

Operational management who are **responsible** for the effective and consistent application of these key business management processes in their area of operation.

The second line of defence which is:

The business management process ‘owner’ or ‘sponsor’ who is **accountable** for the overall operation of the process and should ensure that:

- it is fit for purpose (e.g. based upon relevant good practice), regularly reviewed and approved by senior management and members

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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- it is constructed so that evidence of its application is easily produced i.e. as 'business as usual'
- there are proportionate and cost-effective mechanisms in place to enable the process 'owner' or 'sponsor' to confirm that operational managers are applying it effectively and consistently
- informative, regular and timely reports are provided to senior management to confirm it has been operating effectively and consistently, identifying any remedial actions required should this not be the case.

The third line of defence which is:

Internal Audit who provide **independent assurance** to senior management and the Audit Committee, on how effectively the first and second lines of defence have been operating.

Other Potential Assurance

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

Annual Review

Local Authorities are required to undertake an annual review of these arrangements and evidence that these business management processes:

- are up to date and remain fit for purpose
- are consistently applied across the organisation at all service levels
- are being strengthened as necessary where improvement opportunities have been identified.

The Council discharges this annual requirement by asking:

- the process owners or sponsors to complete an assurance statement regarding the robustness of their processes
- operational managers to complete an assurance statement that confirms the degree to which these processes have been applied in their service areas throughout the year.

Internal Audit check a sample of these assurance statements each year, produce a report summarising the results, highlighting any areas that require senior management attention.

This work forms part of the evidence that supports:

- the Head of Internal Audit's annual opinion on the adequacy and effectiveness of the Council's system of internal control

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- the production of the Annual Governance Statement that is published with the annual financial statements.

Council has delegated responsibility to the Audit Committee for:

- providing independent assurance of the adequacy of the risk management framework and the associated control environment
- providing independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment
- overseeing the financial reporting process.

This is confirmed in its terms of reference. Council also approves the Audit Committee's outline annual work programme. This is designed to ensure the Audit Committee 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 governance arrangements for the year in question.

By adopting this approach, the Council ensures that the principles of corporate governance are embedded in the culture of the organisation and are transparent to stakeholders.